

**THIS INSTRUMENT WAS PREPARED
BY AND AFTER RECORDING SHOULD
BE RETURNED TO:**

Farleigh Wada Witt
121 SW Morrison Street, Suite 600
Portland, OR 97204
Attn: Marisol R. McAllister



Skagit County Auditor
4/28/2017 Page

1 of 10 1:39PM

\$82.00

113712
GUARDIAN NORTHWEST TITLE CO.

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

1ST AM NLS-843563-WA1

CROSS-DEFAULT AND CROSS-COLLATERALIZATION AGREEMENT

GRANTOR(S):

John D. Carroll L.L.C., a Washington limited
liability company

GRANTEE:

Hyundai Capital America

**LEGAL DESCRIPTION
(abbreviated):**

SECTION 6, TOWNSHIP 34 NORTH, RANGE 4
EAST, W.M., PTN. SE ¼ (AKA LOTS 1 & 2,
SKAGIT CROSSINGS BSP BURL BSP-1-07 AND
LOTS 1 AND 3, FISHER COMMERCIAL PARK
DIV. NO. 1)
(Additional on Exhibit A)

**ASSESSOR'S TAX PARCEL
OR OTHER ACCOUNT NO'S.:**

P23882, 8074-000-001-0000, P127091, 8074-000-002-
0000, P82932, 4462-000-001-0002, P82934, 4462-000-
003-0000

CROSS-DEFAULT AND CROSS-COLLATERALIZATION AGREEMENT

This **CROSS-DEFAULT AND CROSS-COLLATERALIZATION AGREEMENT**, dated as of April 27, 2017 (this "Agreement"), is entered into by and among **JOHN D. CARROLL L.L.C.**, a Washington limited liability company ("Borrower"), **JACK CARROLL'S LINCOLN MERCURY, INC.**, a Delaware corporation ("Dealer"), and **HYUNDAI CAPITAL AMERICA**, a California corporation ("HCA").

WHEREAS, HCA has required as a condition to making loans to Borrower that Obligor (as defined below) enter into this Agreement with HCA;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions.

a. "Collateral" shall mean, collectively, all "Collateral", "Personal Property" and "Property" as each such term is defined in any Loan Document, including without limitation, the Borrower's real property legally described as Exhibit A, attached hereto and incorporated herein by reference.

b. "Obligors" shall mean, collectively, Borrower and Dealer.

c. "Loan Documents" shall mean, collectively,

(i) that certain Inventory Loan and Security Agreement dated January 13, 2017 between Dealer and HCA, as amended, restated, supplemented, replaced or otherwise modified from time to time (the "ILSA"),

(ii) that certain Loan Agreement dated as of even date herewith between Borrower and HCA, as amended, restated, supplemented, replaced or otherwise modified from time to time the ("Loan Agreement"), together with each other "Loan Document" (as such term is defined in the Loan Agreement), each as amended, restated, supplemented, replaced or otherwise modified from time to time, and

(iii) any and all loan documents as amended, restated, supplemented, replaced or otherwise modified from time to time, which evidence any loans, debts and/or liabilities, plus interest thereon, of Borrower or Dealer to HCA, whether now existing or hereafter arising, whether due or not due, direct or indirect, absolute or contingent, liquidated or unliquidated.

d. "Obligations" shall mean, collectively, all obligations of Obligor to HCA under the Loan Documents.

2. Cross-Default. The following shall constitute an "Event of Default" under and as defined in each and every Loan Document:

- a. Any default or breach by any Obligor under any of the Loan Documents;
- b. The failure of Dealer to maintain in good standing, any franchise, license, permit, dealer sales and service agreement or other agreement necessary for the proper and/or full operation of Dealer's business, or the termination of Dealer's dealer sales and service agreement with Hyundai Motor America, whether voluntarily or involuntarily; or
- c. If Dealer obtains floor plan financing from any lender other than HCA.

3. Cross-Collateralization. Any and all Collateral shall secure any and all Obligations. Each Obligor hereby grants to HCA a lien on and security interest in such Obligor's Collateral to secure the Obligations.

4. Effect on Other Agreements and Security Interests Previously Granted. This Agreement amends, augments and supplements (but does not substitute for) each of the Loan Documents and each of the other agreements evidencing the Obligations and shall not otherwise limit or affect the rights and remedies of HCA under any such agreements.

5. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington, without reference to conflict of laws principles.

6. Miscellaneous. All of HCA's rights and remedies are cumulative and those granted hereunder are in addition to any rights and remedies available to HCA under law. If any provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each provision of this Agreement shall be valid and enforceable to the full extent permitted by law. The failure or forbearance of HCA to exercise any right hereunder or otherwise granted to it by law or another agreement shall not affect the obligations of any Obligor hereunder and shall not constitute a waiver of such right. This Agreement contains the entire agreement between the parties, and no provision hereof may be waived, modified, or altered except by a writing executed by the Obligors and HCA. The provisions of this Agreement bind and inure to the benefit of the heirs, administrators, successors, and assigns of HCA and each Obligor. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one agreement. HCA may pursue any one or more of its rights and remedies concurrently or successively, it being the intent hereof that none of such rights and remedies shall be to the exclusion of any others.

7. Notices. Any notice, demand, request or other communication which any party hereto may be required or may desire to give hereunder shall be in writing and shall be deemed to have been properly given (a) if delivered, when delivered; (b) if mailed by United States

Certified Mail (Postage prepaid, return receipt requested), three (3) Business Days after mailing; or (c) if by Federal Express or other reliable overnight courier service, on the next Business Day after delivered to such courier service as set forth below:

If to Obligors: John D. Carroll L.L.C.
3405 172nd Street, NE, #5454
Arlington WA 98223-7717
Attn: John D. Carroll

With a copy to: Edward P. Weigelt, Jr.
Attorney at Law
9222 36th Avenue, SE
Everett, WA 98208

If to HCA: Hyundai Capital America
3161 Michelson Drive, Suite 1900
Irvine, CA 92612
Attn: Sam Frobe, Senior Director, Commercial Credit

With a copy to: Hyundai Capital America
3161 Michelson Drive, Suite 1900
Irvine, CA 92612
Attn: Vice President, Executive General Counsel

With a copy to: Farleigh Wada Witt
121 SW Morrison Street, Suite 600
Portland, OR 97204
Attn: Marisol R. McAllister

or at such other address as the party to be served with notice may furnish in writing to the party seeking or desiring to serve notice as a place for the service of notice. Any notice or demand delivered to the person or entity named above to accept notices and demands for such party shall constitute notice or demand duly delivered to such party, even if delivery is refused. "Business Day" shall mean any day other than a Saturday, Sunday or any day that banking institutions in the city in which the principal office of HCA is located are closed.

8. HCA's Right to Assign. HCA may assign, negotiate, pledge or otherwise hypothecate this Agreement or any of its rights and security hereunder to any Person, and in case of such assignment, each Obligor will accord full recognition thereto and agree that all rights and remedies of HCA in connection with the interest so assigned shall be enforceable against each Obligor by such Person with the same force and effect and to the same extent as the same would have been enforceable by HCA but for such assignment. As used herein, "Person" shall mean an individual, a corporation, a limited liability company, an association, a joint stock company, a business trust, a partnership, a joint venture, an unincorporated organization, or any other entity

or organization, including a government or political subdivision or an agency or instrumentality thereof.

9. **WAIVER OF TRIAL BY JURY: EACH OF HCA AND OBLIGORS EACH HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY HCA, IN ANY COUNTERCLAIM ASSERTED BY HCA AGAINST ANY OBLIGOR OR IN ANY MANNER CONNECTED WITH THIS AGREEMENT OR ANY OBLIGATION.**

10. Costs and Fees. In the event that any action or proceeding is commenced by HCA to enforce the terms and provisions of this Agreement, HCA shall receive from the Obligors all of its costs and expenses incurred in connection with such action or proceeding including its reasonable attorneys' fees and court costs.

[Signature pages follow]

Signature Page to Cross-Default and Cross-Collateralization Agreement

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date and year first written above.

BORROWER:

JOHN D. CARROLL L.L.C.,
a Washington limited liability company

By: _____

John D. Carroll, Member

By: _____

Michael B. Carroll, Member

STATE OF WASHINGTON)

) ss.

County of Skagit)

I certify that I know or have satisfactory evidence that John D. Carroll is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath state that he was authorized to execute the instrument and acknowledged it as the Member of John D. Carroll L.L.C., a Washington limited liability company to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 26 day of April, 2017.



Janis Fabiszak
Notary Public for Washington
My Commission Expires: 11/09/2020

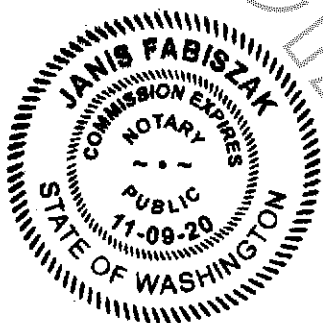
STATE OF WASHINGTON)

) ss.

County of Skagit)

I certify that I know or have satisfactory evidence that Michael B. Carroll 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 Member of John D. Carroll L.L.C., a Washington limited liability company to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 26 day of April, 2017.



Janis Fabiszak
Notary Public for Washington
My Commission Expires: 11/09/2020

Signature Page to Cross-Default and Cross-Collateralization Agreement

DEALER:

JACK CARROLL'S LINCOLN MERCURY, INC., a Delaware corporation

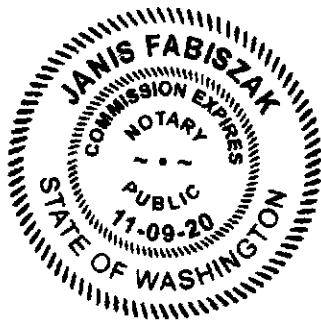
By: [Signature]
John D. Carroll, President

NOTARY ACKNOWLEDGMENT

STATE OF WASHINGTON)
COUNTY OF Skagit) ss.

I certify that I know or have satisfactory evidence that John D. Carroll is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath state that he was authorized to execute the instrument and acknowledged it as the President of Jack Carroll's Lincoln Mercury, Inc., a Delaware corporation to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 26 day of April, 2017.



[Signature]
Notary Public for Washington
My Commission Expires: 11/09/2020

Signature Page to Cross-Default and Cross-Collateralization Agreement

HCA:

HYUNDAI CAPITAL AMERICA,
a California corporation

By: _____

Sam Frobe
Senior Director, Commercial Credit

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

State of California)

County of Orange)

On April 26, 2017 before me, Mariesa Justiniani, Notary Public
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____



(Seal)

EXHIBIT A

Real property in the County of Skagit, State of Washington, described as follows:

PARCEL "A":

LOTS 1 AND 2 OF SKAGIT CROSSINGS BINDING SITE PLAN BURL BSP 1-07, AS APPROVED JANUARY 31, 2008 AND RECORDED FEBRUARY 1, 2008, UNDER AUDITOR'S FILE NO. 200802010073, RECORDS OF SKAGIT COUNTY, WASHINGTON; BEING A PORTION OF THE SOUTHEAST ¼ OF SECTION 6, TOWNSHIP 34 NORTH, RANGE 4 EAST, W.M.

PARCEL "B":

LOTS 1 AND 3, "FISHER COMMERCIAL PARK DIV. NO. 1", ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 13 OF PLATS, PAGES 82 AND 83, RECORDS OF SKAGIT COUNTY, WASHINGTON.