

After Recording, Return to:

Polycomp Trust Co., Custodian  
Dept. 17-1190- Sedro Woolley 2  
PO Box 8523  
Calabasas, California 91302-8523



201705230067

Skagit County Auditor

\$102.00

5/23/2017 Page

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29 3:42PM

**DEED OF TRUST**

**CHICAGO TITLE**

**620030891**

REFERENCE NUMBER(S).

GRANTORS:

SEDRO WOOLLEY, LLC  
SEDRO WOOLLEY CORNER, LLC,

BENEFICIARIES:

Polycomp Trust Company, Cust. F/B/O Lena Elis - IRA  
3001850 as to a 6.8837% interest  
Polycomp Trust Company, Cust. F/B/O Lena Elis - ROTH-IRA  
3203392 as to a 17.3949% interest  
Polycomp Trust Company, Cust. F/B/O Michael Elis - ROTH-  
IRA 3703417 as to a 7.1311% interest  
Polycomp Trust Company, Cust. F/B/O Paul Elis - IRA 3001852  
as to a 40.7257% interest  
Polycomp Trust Company, Cust. F/B/O Paul Elis - ROTH-IRA  
3203393 as to a 17.2299% interest  
Polycomp Trust Company, Cust. F/B/O Ronald Weisheit bene of  
L. Weisheit Roth inherited IRA 3303419 as to a 2.9678%  
interest  
Polycomp Trust Company, Cust. F/B/O Wendy Elis - ROTH-  
IRA 3703418 as to a 7.6669% interest

LEGAL DESCRIPTION:

Lot(s): C, D, E, G, P and R Unit(s): GATEWAY BINDING  
SITE PLAN AND PTN SE SW, 23-35-04

ASSESSOR'S PROPERTY TAX ACCOUNT NUMBERS:

P120424/8044-000-999-0100  
P120422/8044-000-007-0000  
P120423/8044-000-999-0000  
P120418/8044-000-003-0000  
P120419/8044-000-004-0000  
P120420/8044-000-005-0000  
P37199/350423-0-047-0003

Trustee: TheLanz Firm P.S.

DEED OF TRUST—SKAGIT COUNTY

F:\LETTER\BGL\PMB-Sedro Woolley #2\Deed of Trust--Skagit--Final 5-17-17.doc

**THIS DEED OF TRUST**, made this 19<sup>th</sup> day of May 2017 between SEDRO WOOLLEY, LLC, a Washington limited liability company, as to Parcel A and SEDRO WOOLLEY CORNER, LLC, a Washington limited liability company, as to Parcel B, GRANTORS, both of whose mailing address is 103 North Township Street, Sedro Woolley, WA 98284, THE LANZ FIRM, P.S., a Washington corporation, TRUSTEE, whose address is Grand Central Building, Suite 333, 216 1st Avenue South, Seattle, Washington 98104 and

Polycomp Trust Company, Cust. F/B/O Lena Elis - IRA 3001850 as to a 6.8837% interest

Polycomp Trust Company, Cust. F/B/O Lena Elis – ROTH-IRA 3203392 as to a 17.3949% interest

Polycomp Trust Company, Cust. F/B/O Michael Elis – ROTH-IRA 3703417 as to a 7.1311% interest

Polycomp Trust Company, Cust. F/B/O Paul Elis - IRA 3001852 as to a 40.7257% interest

Polycomp Trust Company, Cust. F/B/O Paul Elis - ROTH-IRA 3203393 as to a 17.2299% interest

Polycomp Trust Company, Cust. F/B/O Ronald Weisheit bene of L. Weisheit Roth inherited IRA 3303419 as to a 2.9678% interest

Polycomp Trust Company, Cust. F/B/O Wendy Elis – ROTH-IRA 3703418 as to a 7.6669% interest

BENEFICIARIES, whose address is Polycomp Trust Co., Custodian, Dept. 17-1190-Sedro Woolley 2, PO Box 8523, Calabasas, CA 91302-8523.

**CONVEYANCE AND GRANT.** For valuable consideration, Grantor conveys to Trustee in trust with power of sale, right of entry and possession and for the benefit of Beneficiary, all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, located in Skagit County, State of Washington (the "Real Property") and the personal property described herein.

**WITNESSETH:** Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the following described real property situated in Skagit County, Washington:

PARCEL A:

Lots C, D, E and G and Tracts P and R, GATEWAY BINDING SITE PLAN, as approved April 7, 2003, and recorded May 19, 2003, under Auditor's File No. 200305190183, records of Skagit County, Washington; being a portion of Section 23, Township 35 North, Range 4 East of the Willamette Meridian. Situated in Skagit County, Washington.

PARCEL B:

The Easterly 300 feet of the Southerly 150 feet of the South 6 acres of the following described property:

That portion of the East Half of the Southeast Quarter of the Southwest Quarter of Section 23, Township 35 North, Range 4 East of the Willamette Meridian, lying Northerly and Westerly of the State Highway, and Southerly of a tract conveyed to Harold McGlinchy by deed recorded under Auditor's File No. 545940 in Volume 283 of Deeds, page 706, records of Skagit County, Washington;

EXCEPT the South 20 feet thereof;  
AND EXCEPT right of way for drainage ditch.

The North line of said 6 acres being a line running from East to West from the East line of said East Half of the Southeast Quarter of the Southwest Quarter to the West line thereof.

Situated in Skagit County, Washington

For APN/Parcel ID(s): P120424 / 8044-000-999-0100, P120422 / 8044-000-007-0000, P120423 / 8044-000-999-0000, P120418 / 8044-000-003-0000, P120419 / 8044-000-004-0000, P120420 / 8044-000-005-0000 and P37199 / 350423-0-047-0003

(collectively referred to herein as the "Real Property") which Real Property is not now nor will it be used for farming or agricultural purposes, together with all tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues and profits thereof.

This Deed of Trust for the purposes of securing performance of each agreement of Grantor herein contained, and payment of the sum of **ONE MILLION TWO HUNDRED FIFTY SEVEN THOUSAND DOLLARS AND NO/100 CENTS (\$1,257,000.00)**, or so much thereof as may be advanced, with interest, in accordance with the terms of a promissory note of even date herewith, payable to Beneficiary or order, and made by Grantor, and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of their successors or assign, together with interest thereon.

To protect the security of the Deed of Trust, Grantor covenants and agrees:

1. **Condition of Improvements.** To keep the Real Property and the improvements situated thereon in good condition and repair, to permit no waste thereof; to complete any building, structure or improvement being built or about to be built thereon; to restore promptly any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Real Property.

2. **Taxes, Liens, Encumbrances, Assessments and Other Charges.** To pay before delinquent all taxes, liens, encumbrances, assessments and other charges upon the Real Property; to keep the Real Property free and clear of all other liens, encumbrances and other charges impairing the security of this Deed of Trust. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the Real Property herein above described. Beneficiary may pay the same, and the amount so paid, with interest at the default rate set forth in the Promissory Note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

3. **Insurance.** To keep all improvements now or hereafter erected on the Real Property continuously insured during the term of this Deed of Trust against loss by fire or other hazards, as follows:

a. **General Provisions.** Every policy of insurance required by this Deed of Trust shall: (i) provide that no act or default of any person other than Beneficiary or its agent shall render the policy void as to Beneficiary or affect Beneficiary's right to recover thereon; (ii) provide that the policy shall not be cancelled or reduced in scope of coverage or amount of coverage until thirty (30) days after written notice to Beneficiary; and (iii) be obtained from and maintained with companies qualified to do business in the State of Washington having a rating of B or better in Best's Insurance Guide. A duplicate original of such policy and of all changes thereto shall be delivered to Beneficiary. If Grantor fails to maintain any of the insurance coverage required hereunder, without waiving any other remedy, Beneficiary may at its option obtain such coverage and Grantor shall pay the premium and all expenses therefore with interest at the default rate set forth in the Promissory Note secured hereby immediately upon demand. All insurance required hereby shall be primary and noncontributing with any insurance carried by Beneficiary. Beneficiary reserves the right to require higher limits for any of the coverage's provided for herein from time to time if in Beneficiary's reasonable opinion, the limits contained herein, or any of them, are inadequate.

b. **Loss Payee.** All policies shall be held by the Beneficiary, and be in such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as set forth in the

Promissory Note secured hereby. Such application by the Beneficiary, unless the same fully cures any then default, shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.

c. **Coverage.** Grantor shall keep the improvements located on the Real Property (the "Improvements") (including all buildings (including all exterior glass), structures, appurtenant equipment and fixtures on the Real Property), if any, continuously insured during the term of this Deed of Trust for the mutual benefit of Beneficiary and Grantor against damage by fire, and such other risks as may be included in the broadest available form of "all risks of physical loss" insurance from time to time available for their full insurable value. "Full insurable value" shall mean actual replacement cost without deduction for physical depreciation, as determined by an independent insurance appraisal which Beneficiary may request Grantor to obtain at its sole cost not more frequently than annually. By and at the cost of Grantor and with Beneficiary's written consent, which shall not be unreasonably withheld, casualty losses covered by the insurance provided for herein shall be adjusted with the carriers thereof.

4. **Defense of Action Affecting Security.** To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

5. **Attorney's Fees.** To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligations secured hereby and Trustee's and Beneficiary's reasonable attorney's fees actually incurred, as provided by statute and as provided in the promissory note secured hereby.

6. **Other Security.**

a. **Rents and Leases.** Grantor hereby irrevocably grants, transfers, conveys and assigns to Beneficiary the right, power and authority, during the continuance of this Deed of Trust, to collect the rents, issues and profits of said Real Property on the terms and conditions set forth in the Assignment of Rents recorded contemporaneously with this Deed of Trust.

b. **Personal Property.** Grantor hereby irrevocably gives and grants unto Beneficiary a security interest in all of Grantor's present and future rights in the following personal property, which is hereby deemed to be Real Property, and which may be foreclosed as Real Property:

(i) All personal property located on the Real Property and used or intended for use in the ownership, development, operation or occupancy of the Real Property and any improvements thereon, including but not limited to, all appliances, furniture, furnishings, inventory, equipment, building materials and supplies; together with all present and future attachments, parts, fixtures, special tools, accessories, and equipment therefore, and all accessories, additions, and improvements thereto, substitutions and replacements thereof, and all products and proceeds thereof;

(ii) All applications, application materials, permits and approvals for the development of the Real Property, both governmental and non-governmental, as may be amended or modified, and matters related thereto ("Development Applications/Permits"). "Development" includes any-activity that requires a permit or approval of any type related to the Real Property, including, but not limited to a building permit, grading permit, shoreline substantial development permit, conditional use permit, special use permit, zoning variance, engineering review permit or reclassification, comprehensive plan amendment or revision, subdivision, short subdivision, urban planned development, building site plan, commercial site development permit, right-of-way use permit, forest practices permit, certificate of water and sewer availability, developer extension agreement, certificates of concurrency, and all payments made for any and all applications, permits and approvals for the development of the Real Property. "Application Materials" includes any document, study, evaluation and the like prepared in whole or in part for any development application, permit or approval related to the Real Property, including, but not limited to, architectural plans, site plans, plats, specifications, work drawings, surveys, engineering reports or studies, environmental reports, economic reports or studies, test borings, market surveys, feasibility reports, appraisals, building permits, grading permits, conditional use permits, special use permits, forest practice permits, right of way use permits, commercial site development permits, shoreline substantial development permits, master use permits, etc.; and

(iii) All inventory, equipment and general intangibles, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located including, used in connection with the ownership, development, operation or maintenance of the Real Property, including, but not limited to, licenses, certificates of occupancy, franchises, rights to use trade names, contract rights, accounts receivable, escrow accounts, insurance policies, deposits, negotiable instruments, documents of title, general intangibles and business records and data relating to any of the Real Property, whether in the form of a writing, photograph, microfilm, microfiche or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

c. Personal Property Not Effectively Made a Part of the Real Property.

Grantor hereby irrevocably gives and grants unto Beneficiary a security interest in all of Grantor's present and future rights in any and all personal property used in the ownership, development, operation or occupancy of the Real Property which is not effectively made part of the Real Property by the provisions of this Deed of Trust. This Deed of Trust constitutes a security agreement pursuant to the Uniform Commercial Code with respect to any and all such personal property. Grantor and Beneficiary agree that neither the foregoing grant of a security interest nor the filing of any financing statement shall be construed as limiting the Grantor's and Beneficiary's stated intention that everything used in connection with ownership, development, operation or occupancy of the Real Property shall be regarded as part of the Real Property. Grantor hereby authorizes Beneficiary to file and/or record all financing statements and continuation statements requested to perfect or continue perfection of Beneficiary's security interest in the personal property. With respect to such personal property, Beneficiary shall have all of the rights and remedies of a secured party under the Uniform Commercial Code, including the right to cause such personal property to be sold by the Trustee under the power of sale granted by this Deed of Trust or, at Beneficiary's election, under the provisions of the Uniform Commercial Code. In exercising its remedies, Beneficiary may proceed against the personal property and the Real Property separately or together and in any order whatsoever, without in any way affecting the availability of Beneficiary's remedies. Upon demand by Beneficiary following default, Grantor will assemble any such personal property and make such personal property available to Beneficiary. Beneficiary shall give Grantor at least five (5) days prior written notice of the time and place of any public sale or other disposition of any portion of such personal property, or at the time of or after which any private sale or any other intended disposition of such personal property is to be made. In the event of default and foreclosure on any applications for or permits for the development of the Real Property, Grantor agrees to sign all documents reasonably requested by any governmental entity or by Beneficiary to evidence the transfer of said permits after foreclosure and to substitute the purchaser at the foreclosure sale for the Grantor as permit applicant. This provision is specifically enforceable against the Grantor in any court of competent jurisdiction.

7. Receivership. Should Grantor default, Beneficiary may, at its options and without notice of such election, have a receiver appointed as a matter of right, or may exercise all rights of a receiver as a mortgagee-in-possession.

a. Powers. Such receiver shall have the power to collect the rents, income, and revenues of the Real Property and all other powers which may be necessary or usual in such cases for the protection, possession, control, management, and operation of the Real Property and apply the rent, income and revenues, over and above the expenses of the receivership, including, without limitation, the receiver's fee, to the amount due on the Promissory Note secured hereby. If the rent, income and revenues produced by the Real Property are insufficient to pay the receiver and the receivership expenses, Beneficiary may advance such sums as it deems necessary to sustain the ongoing receivership, and repayment of such sums shall be added

to the Principal Balance of the Promissory Note secured hereby and bear interest at the default rate provided for therein from the date of advance until repaid.

b. Bond. The receiver may serve without or with a minimal bond if permitted by law.

c. Value of Real Property. Beneficiary's right to the appointment of a receiver shall exist whether or not the apparent value of the Real Property exceeds the indebtedness.

d. Receiver Employment by Beneficiary. Employment of the receiver by the Beneficiary shall not disqualify a person from being the receiver.

8. Due-On Sale or Encumbrance. If all or any part of the Real Property or an interest therein is sold or transferred by Grantor without Beneficiary's prior written consent, excluding:

- a. the creation of a lien or encumbrance subordinate to this Deed of Trust;
- b. a transfer by devise, descent or by operation of law upon the death of a joint tenant; or
- c. the grant of any leasehold interest of three years or less not containing an option to purchase;

Beneficiary may, at Beneficiary's option, declare all the sums secured by this Deed of Trust to be immediately due and payable. Likewise, Beneficiary may, at Beneficiary's option, declare all sums secured by this Deed of Trust immediately due and payable if there is any change in the ownership or control of any entity which has an interest in the Real Property, including, but not limited to, a change in the ownership or control of any of Grantor's stock if Grantor is a corporation, a change in the ownership or control of any general partnership interest in Grantor if Grantor is a partnership, or a change in the ownership or control of the units in a limited liability company if Grantor is a limited liability company.

9. Provision For Partial Re-Conveyance. It is mutually understood and agreed by the Grantor and the Beneficiary for themselves, their heirs, and their assigns that the Beneficiary, its heirs, or assigns will authorize the trustee under the deed of trust securing this Promissory Note, in writing, to re-convey from the lien of the Beneficiaries' deed of trust any parcel upon a written request for the same delivered to Beneficiaries on the following terms and conditions:

a. Loan Status. Provided the Borrower is not in default in the performance of any of the covenants, conditions and/or terms imposed upon the Borrower in any of the



documents evidencing the Loan and Beneficiaries do not, at the time of Borrower's written request for partial re-conveyance, have a reasonable concern that the fair market value of secured property being re-conveyed may have declined in value or in condition from the time that this Loan was made, Lender shall, upon payment of the service fee and the re-conveyance fee specified below for the parcel to be re-conveyed and fulfillment of the terms and condition set forth below, request that the trustee re-convey said parcel from the lien of Beneficiaries' deed of trust;

b. Ingress/Egress—Public Utilities. Adequate provisions have been made for reserving any necessary roadway and/or utility easements to the lots remaining after re-conveyance of the requested lot. The remaining lots must not be without convenient, practical and legal access to a public road or to the public utilities and a title company, subjectively acceptable to Beneficiary, must issue an endorsement to that effect at the sole cost and expense of the Borrower;

c. Partial Re-conveyance Prices. The Partial Re-conveyance Prices are based on a good faith projection of where the final boundary lines for the Gateway Village Site Plan will be located. Attached to this Deed of Trust as Exhibit A is what the Grantor believes, in good faith, to be the likely Gateway Village Site Plan approved by the City of Sedro Woolley. At the present time, the Grantor is unaware of the location of the final boundary lines and Grantor and Beneficiary agree that wherever the final boundary lines are located that this Provision for Partial Re-conveyance will be amended to reflect the final boundary lines approved by the City of Sedro Woolley for Gateway Village. The Grantors' informed opinion of where the boundary lines will generally be located is set forth in the hand drawing of the Grantors' attached as Exhibit A. The Partial Re-conveyance Prices are as follows:

i. Parcel X: Parcel X, Gateway Village, Phase 1, will be re-conveyed upon payment of the sum of \$600,000;

ii. Parcel Y: Parcel Y, Gateway Village, a Future Phase, will be re-conveyed upon payment of the sum of \$600,000;

iii. Parcel Z: Parcel Z, another Future Phase, will be re-conveyed upon payment of the sum of \$600,000;

iv. Parcel C: Parcel C, another Future Phase, will be re-conveyed upon payment of the sum of \$750,000;

v. Re-conveyance Costs. In addition to the Partial Re-conveyance Prices set forth in subparagraphs i through iv, Grantor shall pay the Beneficiaries herein, a service fee of \$800.00 for each lot and/or parcel requested to be re-conveyed at the time the written request is made and the request must be made in writing. In addition, the Grantor must pay, prior to the lot and/or parcel being re-conveyed by the trustee, any and all trustee's fees, legal fees, title insurance

premiums, loan pre-payment fees, appraisals and the costs of executing and recording each partial re-conveyance.

d. Legal Status of Remaining Lots. All the remaining phases after the re-conveyance of any of the phases above must comply with all applicable zoning and subdivision laws, rules and regulations;

e. Dedication of Streets, etc. The dedication or grant of streets, roads, sidewalks, alleys, and utility easements upon, over, or through any of the lots shall not reduce the amount of the partial re-conveyance price or the computation thereof and neither shall any deviation in the Gateway Village Site Plan.

f. Application of Re-conveyance Prices to Promissory Note. Any partial re-conveyance price paid to the Beneficiary shall be applied in payment of the principal amount due on the Promissory Note secured by this Deed of Trust.

**IT IS MUTUALLY AGREED THAT:**

1. In the event any portion of the Real Property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion thereof as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to the obligation secured hereby.

2. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums secured or to declare default for failure to so pay.

3. The Trustees shall reconvey all or any part of the Real Property covered by this Deed of Trust to the person entitled thereto on written request for reconveyance made by the Beneficiary or the person entitled thereto.

4. Upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust Real Property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of sale, including a reasonable Trustee's fee and reasonable attorney's fee; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto.

5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the Real Property which Grantor had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prim a facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrances for value.

6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy: Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

7. Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded the successor trustee shall be vested with all powers of the original Trustee. The Trustee is not obligated to notify any party hereto of a pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

8. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors, successors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

**EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND EACH GRANTOR AGREES TO ITS TERMS.**

**SEDRO WOOLLEY, LLC**, a Washington limited liability company:

By: 

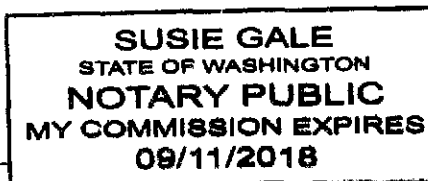
Robert Janicki, Manager

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF Whatcom

I, the undersigned, a notary public in and for the State of Washington, hereby certify that on this 19<sup>th</sup> day of May 2017 personally appeared before me Robert J. Smith, to me known or having presented satisfactory evidence to be the Manager of SEDRO WOOLLEY, LLC, a Washington limited liability company, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

SUBSCRIBED AND SWORN TO before me this 19<sup>th</sup> day of May, 2017.

Susie Gale  
Print Name: Susie Gale  
NOTARY PUBLIC in and for the State of  
Washington, residing at Bellingham  
My commission expires: 9/11/18



UNOFFICIAL DOCUMENT

SEDRO WOOLLEY CORNER, LLC, a  
Washington limited liability company:

By: [Signature]  
Robert Janicki, Manager

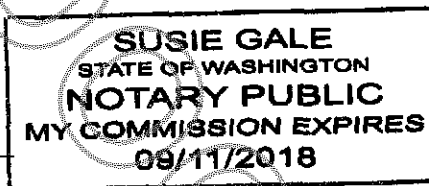
STATE OF WASHINGTON )

COUNTY OF Whatcom ) ss.

I, the undersigned, a notary public in and for the State of Washington, hereby certify that on this 19<sup>th</sup> day of May 2017 personally appeared before me Robert Janicki, to me known or having presented satisfactory evidence to be Manager of SEDRO WOOLLEY CORNER, LLC, a Washington limited liability company, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

SUBSCRIBED AND SWORN TO before me this 19<sup>th</sup> day of May, 2017.

[Signature]  
Print Name: Susie Gale  
NOTARY PUBLIC in and for the State of  
Washington, residing at Bellingham  
My commission expires: 9/11/18



ADDENDUM TO DEED OF TRUST  
(hereinafter referred to as "Addendum")  
DATED MAY 19, 2017:

(For purposes of this document and this loan transaction, "Deed of Trust" and "Mortgage" are interchangeable terms and refer to the Same Security Instrument)

This Addendum modifies the terms and conditions of the Security Instrument entered into by:  
Borrower/Trustor/Mortgagor: SEDRO WOOLLEY, LLC, a Washington limited liability company and  
SEDRO WOOLLEY CORNER, LLC, a Washington limited liability company ("Borrower") and the  
Lenders/Beneficiaries/Mortgagees are:

Polycomp Trust Company, Cust. F/B/O Lena Elis - IRA 3001850 as to a 6.8837% interest  
Polycomp Trust Company, Cust. F/B/O Lena Elis - ROTH-IRA 3203392 as to a 17.3949%  
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3303419 as to a 2.9678% interest  
Polycomp Trust Company, Cust. F/B/O Wendy Elis - ROTH-IRA 3703418 as to a 7.6669%  
interest

or order ("Holder" or "Lender") at Polycomp Trust Co., Custodian, Dept. 17-1190-Sedro Woolley 2, PO  
Box 8523, Calabasas, CA 91302-8523.

In all instances where the terms of this Addendum and the Security Instrument are in conflict, then this  
Addendum shall prevail to the extent allowable by law.

This Addendum and other documents used in this transaction may contemplate a California property as  
security for the Loan and that the Loan will be subject to Calif. law, custom and practice. If the Property  
is located in another state, common sense changes shall prevail. As an example, in states in which  
mortgages are commonly used, references to trust deeds shall mean mortgages.

1. Defaults and Remedies.

(A) Events of Defaults. Any of the following shall constitute a default under the Security Instrument: (1)  
the material breach of any warranty or a default in the performance of any obligation of Borrower  
hereunder or under the Note, the Deed of Trust, or any Loan Document or of any guarantor of the Note  
or (2) the false, inaccurate, or misleading nature of any material misrepresentation to induce Lender to  
make the loan given by Borrower or by any Guarantor or their agent (i) regarding the financial condition  
or credit standing of Borrower or any Guarantor or any partner of Borrower or (ii) regarding the Loan or  
the Property, including, but not limited to, representations and warranties contained in any Loan  
Funding Agreement, Financial Statement or Property Information form or (3) Borrower's default or  
breach under any Security Instrument, note or other instrument or agreement in which PMB Capital,

Inc., Paul Elis, Lender, or any assignee or related entity of the foregoing has an interest (Cross-Default Provision).

(B) Notwithstanding anything to the contrary in the Deed of Trust, if the Borrower shall: (1) sell or enter into a contract of sale or option to sell; further encumber, lien, mortgage, or transfer all or any part of the Property or an interest therein, excluding a transfer by devise, descent, or by operation of law upon the death of a joint tenant; or (2) if any Guarantor of this Loan or if any tenant who leases more than 25% of the leasable area of the Property, becomes insolvent or makes a general assignment for the benefit of creditors, or if any proceeding in bankruptcy, or any insolvency or reorganization proceedings shall be commenced by, against, or in respect of any tenants or lease guarantor; or (3) if Borrower enters into any lease not containing a provision subordinating the lease to all mortgages; or (4) If Borrower by act or omission creates a condition under which a lien could become superior to this Deed of Trust, then the Lender may, at its option declare the Note and any other obligations secured by the Security Instrument, together with accrued interest thereon, immediately due and payable, in full. No waiver of the Lender's right to accelerate shall be effective unless it is in writing.

(C). Lenders' Remedies. Should Borrower fail to make any payment or to do any act as provided in the Security Instrument, the Note, or any other Loan Document (including, without Limitation, the Loan Funding Agreement or Loan Commitment or similar document) or fail to perform any obligation secured by this Security Instrument, or should Borrower do any act Borrower agreed not to do, or should any of the representations and warranties made by Borrower be untrue in any material respect, or if (i) a petition is filed by Borrower, or any guarantor, co-maker or endorser of the Note seeking or acquiescing to any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any law relating to bankruptcy or insolvency or an involuntary petition under such law is filed against Borrower and is still in effect sixty days from the date of such filing; or (ii) a receiver, trustee, master or liquidator is appointed with respect to the Property or the rents, issues, profits, security deposits, royalties, tolls, earnings, income and other benefits therefrom; or (iii) Borrower, or any guarantor, co-maker or endorser of the Note is "insolvent" (unable to pay its debts as they become due and/or if the fair market value of its assets does not exceed its aggregate liabilities), or (iv) Borrower makes an assignment for Borrower's creditor's; or (v) any significant portion of Borrower's assets is attached, executed upon or judicially seized in any manner and such attachment, execution or seizure is not discharged within 10 days, Borrower shall be in default under this Security Instrument, and Lender (but without obligation to do so and without notice to or demand upon Borrower and without releasing Borrower from any obligation hereof, and without contesting the validity or amount of the same) shall have the right, at its option, to declare all sums secured hereby immediately due and payable, and may make or do the same in such manner and to such extent as it may deem necessary to protect the security hereof, Lender being authorized to enter upon the Property for such purposes, and in exercising any such power, pay necessary expenses, employ counsel and pay attorney's fees. Furthermore, at any time after a default by Borrower, Lender shall have the following rights and remedies, all of such rights and remedies, together with the rights and remedies set forth in the previous sentence, shall be cumulative, and the exercise of any one or more of them shall not constitute an election of remedies: (a) Lender may apply to any court of competent jurisdiction for, and obtain appointment of, a receiver for the Property; (b) Lender may exercise any or all of the remedies granted to a secured party under the Uniform Commercial Code; (c) Lender may choose, in its sole and absolute discretion, to dispose of some or all of the Property, in any combination consisting of both real and personal property, together in one sale to be held in accordance with the law and procedures applicable to real property, as permitted by Section

9604 of the Uniform Commercial Code, and Borrower agrees that such a sale of personal property together with real property constitutes a commercially reasonable sale of the personal property; and/or (d) Lender may exercise any other right or remedy which is set forth in this Security Instrument or any other Loan Document or which is otherwise available at law or in equity. Upon default by Borrower, Lender may, by delivery to Trustee of written notice of declaration of default and demand for sale, cause to be filed of record a written notice of default and election to sell the Property. If required by Trustee, Lender shall also deposit with Trustee the Security Instrument and Note or other Loan Documents or other agreements and such documents as required by Trustee evidencing expenditures or advances secured hereby. Trustee, upon presentation to it of an affidavit signed by Lender setting forth facts showing a default by Borrower under any Paragraph or provision contained in this Security Instrument, is authorized to accept as true and conclusive the facts and statements therein and to act thereon hereunder without any independent investigation or further inquiry by Trustee. Borrower hereby agrees to be bound thereby. After the lapse of such time as there may be required by law following recordation of such notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Borrower, shall sell the Property either as a whole or in separate parcels, and in such order as it or Lender may determine, at public auction to the highest bidder for cash in lawful money of the United States. Lender may, in its sole discretion, elect that the Property be sold in separate parcels through two or more successive sales. If Lender elects more than one sale of separate parcels of the Property, Lender may, at its option, cause the same to be conducted simultaneously or successively, on the same day or at such different days or times and in such order as Lender may deem to be in its best interests, and no such sale shall terminate or otherwise effect the first lien of the Security Instrument or Trustee's power of sale hereunder until all indebtedness secured hereby has been fully paid. If Lender elects to dispose of the Property through more than one sale, Borrower shall pay the costs and expenses of each such sale and of any proceedings where the same may be made or conducted. Trustee may postpone and change the time and place of sale of all or any portion of the Property by public announcement at any time and place fixed by it in said notice of sale and from time to time and place to place thereafter, without any further posting or notice thereof. Trustee may postpone such sale in public announcement to the time and place fixed by such postponement, whether or not said place fixed by any postponement be in the same city or other place as fixed in said notice of sale. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenants or warranty, express or implied. The recital in such deed of any matters of fact or otherwise shall be convulsive proof of truthfulness thereof. Any person, including Borrower, Trustee or Lender may purchase at such sale. After deducting all costs, fees and expenses of Trustee and of this trust, including cost of evidence of title in connection with such sale, Trustee first shall apply the proceeds of sale to payments of all sums expended under the terms hereof not then repaid, with accrued interest at the rate then payable under the Note or other obligations secured hereby, then to payment of all other sums secured hereby in such order as Lender may direct, and if thereafter there be any proceeds remaining, distribute them to the person or persons legally entitle thereto. Borrower and all persons dealing with the Property through or under Borrower and their successors and assigns, including, without limitation all subsequent purchasers of all or any portion of the Property and all persons holding or obtaining an interest in the Property which is junior and subordinate to this Security Instrument, by taking and accepting their respective conveyances, encumbrances, security interests, deeds of trust, or liens do hereby acknowledge, covenant and agree with Lender that (i) in the event of any default in the repayment of the indebtedness secured hereby, or in the event of any default under the terms of this Security Instrument, or under any other deed of trust or security agreement securing the same indebtedness as is secured by this Security Instrument, whether directly or by virtue of a cross-collateralization agreement or under any other Loan Document, Lender



may proceed to seek foreclosure or any other relief available at law or in equity in any order which Lender may determine, in Lender's sole discretion, and Lender may proceed against any property or collateral securing said indebtedness in any order which Lender elects without regard to any matters which could or might be raised by any subsequent purchaser or by any junior lienor or encumbrancer under those certain equitable doctrines known as the doctrine of "marshalling of assets" and the doctrine of "inverse order of alienation", (ii) they will not assert, and they do hereby waive any right to assert, the doctrine of marshalling of assets or any similar equitable doctrines, and (iii) they will not assert, and they do hereby waive any right to assert, the doctrine of inverse order of alienation or any similar equitable doctrines.

2. Bankruptcy and other Proceedings. If Lender's interest in the Property is materially affected by any proceeding under the bankruptcy laws of the United States, the Lender, at Lender's option, may take such action, including seeking relief under the bankruptcy laws, and disburse such sums, including reasonable attorney's fees, as is necessary to protect Lender's interest. If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or if any non-bankruptcy action or proceeding is commenced which materially affects Lender's interest in the Property, then Lender, at Lender's option, may make such appearances, disburse such sums, including reasonable attorney's fees, and take such action as is necessary to protect Lender's interest.

3. Disbursement by Lender. Other than the initial advance of the Loan proceeds on the closing date, any amounts disbursed by Lender pursuant to this Security Instrument with interest thereon, at the Note rate, plus a service charge of 4% of the amount of each advance shall become additional indebtedness of Borrower secured by this Security Instrument. Unless Borrower and Lender agree in writing to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof. Nothing contained in this Addendum shall require Lender to incur any expense or take any action thereunder.

4. Proof of Property Tax Payment. Promptly upon Lender's request, Borrower shall provide to the Lender proof of timely payment of property taxes and property assessments. In the event of Borrower's failure to do so and should Lender undertake to make its own investigation as to such timely payment, then Lender may charge a fee to Borrower in an amount not to exceed \$250.00 for each tax payment investigated by Lender.

5. Lender's Right to Require Updated Information. Borrower and Guarantor shall provide, within fifteen days of Lender's request, updated information of to any form, document or report referenced in the Loan Funding Agreement or any other Loan Document. This may include, without limitation, forms, documents, and reports regarding the condition of this Loan, the condition of the Property, tenancies, then current financial information of the Borrower, Guarantor and/or Property, and written permission from the Borrower and Guarantor to obtain updated credit reports and copies or transcripts of tax returns. Borrower waives any privilege to the production of tax returns, K-1s, and other financial documents in any enforcement action, mediation or arbitration.

6. Correction or Loss of Documentation. Borrower agrees, if requested by Lender, to fully cooperate and adjust for lost or incorrectly executed documents or clerical errors, any or all loan and/or loan closing documentation if deemed necessary or desirable in the sole discretion of Lender for any reason.

including enabling Lender to sell, convey, hypothecate, or market said Loan. Failure of Borrower to comply with any part of this provision for any reason will be deemed a default of the Loan.

7. Unenforceable Provisions. If any provision of this Addendum is determined by any court of competent jurisdiction or arbitrator to be invalid, illegal, or unenforceable to any extent, such provision shall, to the extent of such invalidity, illegality, or unenforceability, be severed, and the remaining provisions of this Addendum shall remain in full force and effect. If any one or more of the provisions contained in this Addendum shall for any reason be held to be excessive as to amount, time, duration, scope, activity, or subject, such provision shall be construed by limiting and reducing it so as to make such provision enforceable to the extent compatible with the then existing applicable law.

8. Security Agreement and Financing Statements. Borrower (as Debtor) hereby grants to Lender (as Creditor and Secured Party) a security interest in all of the Property which is tangible or intangible personal property, including without limitation, fixtures, goods, accounts, deposit accounts, instruments, chattel paper, documents, letters of credit, letter of credit rights, supporting obligations, and general intangibles described hereinabove and all additions, substitutions and proceeds (cash and noncash) of the foregoing. Borrower shall execute any and all such documents as Lender may request, including without limitation, financing statements pursuant to the Uniform Commercial Code in the jurisdiction in which the Property is located or in which Borrower resides or is formed or organized, as applicable (the "Uniform Commercial Code"), to preserve and maintain the priority of the lien created hereby on property which may be deemed personal property or fixtures, and shall pay to Lender on demand any expenses incurred by Lender in connection with the preparation, execution and filing of any such documents. Said financing statements shall be filed in the real estate records of the county in which the Property is located and such other offices as Lender deems advisable under the Uniform Commercial Code. Borrower hereby authorizes Lender to file all financing statements, refilings, continuations and amendments thereof as Lender deems necessary or advisable to create, preserve and protect said lien and security interest. Borrower shall cooperate with Lender in obtaining control of deposit accounts, letter of credit rights and any other collateral for which control is necessary for perfection under the Uniform Commercial Code. This Security Instrument constitutes a security agreement for any and all items of Property which are personal property and fixtures and which, under applicable law, may be subject to a security interest pursuant to the applicable Uniform Commercial Code and which are not herein effectively made part of the Property. Borrower hereby grants Lender a security interest in said property, and in all additions, substitutions and proceeds (cash and noncash) thereof, for the purpose of securing all indebtedness and obligations of Borrower now or hereafter secured by this Security Instrument. The remedies available to Lender for violations of the covenants, terms and conditions set forth in this security agreement shall be (i) as set forth in this Security Instrument and (ii) as permitted under applicable law, including the Uniform Commercial Code. Each of these remedies shall be distinct and cumulative as to all other rights or other remedies and may be exercised concurrently, independently or successively, as Lender may elect.

This Security Instrument constitutes a financing statement filed as a fixture filing in the Official Records of the County Recorder of the county in which the Property is located with respect to any and all fixtures included within the term "Property" as used herein and with respect to any goods or other personal property that may now be or hereafter become such fixtures.

Borrower and Lender agree that neither the filing of a financing statement in the public records normally having to do with personal property nor the taking of any other action described in the above Paragraph shall be construed in any way as derogating from or impairing the express declarations and intention of

the parties hereto, hereinabove stated, that everything used in connection with the production of income from the Property and/or adapted for use therein and/or which is described or reflected in this Security Instrument is, and at all times and for all purposes and in all proceedings both legal or equitable, shall be regarded, to the extent permitted by applicable law, as part of the real estate encumbered by this Security Instrument irrespective of whether (i) any such item is physically attached to the Improvements, (ii) serial numbers are used for the better identification of certain equipment or other items capable of being thus identified in a recital contained herein or in any list filed with Lender, or (iii) any such items is referred to or reflected in any such financing statement so filed at any time. Similarly, the mention in any such financing statement of (1) rights in or to the proceeds of any fire and/or hazard insurance policy, or (2) any award in eminent domain proceedings for a taking or for loss of value, or (3) Borrower's interest as lessor in any present or future lease, rental agreement, tenancy agreement or occupancy agreement or right to income growing out of the use and/or occupancy of the Property, whether pursuant to lease or otherwise, shall never be construed as in any way altering any of the rights of Lender as determined by this Security Instrument or impugning the priority of Lender's lien granted hereby or by any other recorded document, but such mention in the financing statement is declared to be for the protection of Lender in the event any court or judge shall at any time hold with respect to clauses (1), (2), and (3) of this Paragraph 3 that notice of Lender's priority of interest to be effective against a particular class of persons, including but not limited to the federal government and any subdivisions or entity of the federal government, must be filed in such public records.

Borrower represents, covenants and warrants that as of the date hereof and at all times hereafter during the term hereof as follows: Borrower's full, correct and exact legal name is set forth at the end of this Security Instrument. If Borrower is not an individual, Borrower is an organization of the type and (if not an unregistered entity) is incorporated in, organized or formed under the laws of the state specified in the introductory paragraph to this Security Instrument. If Borrower is an unregistered entity (including, without limitation, a general partnership) it is organized or formed under the laws of the state specified in the introductory paragraph of this Security Instrument. In the event of any change in name or identity of Borrower, Borrower shall notify Lender in writing of such change at least thirty days prior to the effective date of such change and hereby authorizes Lender to file such Uniform Commercial Code forms as are necessary to maintain the priority of Lender's lien upon the Property which may be deemed personal property or fixtures, including future replacement thereof, which serves as collateral under this Security Instrument, and shall pay all expenses in connection with the filing and recording of such forms.

At any time or from time to time, without liability therefore and without notice upon written request of Lender and presentation of this Security Instrument and said Note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Lender may: reconvey any part of said property; consent to the making of any map or plat thereof; add an additional named Borrower that subjects its interest in the Property to the terms of this Security Instrument and consents to be bound by the terms hereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien of charge thereof. Lender or Trustee may, but shall be under no obligation or duty to, appear in or defend any action or proceeding purporting to affect said property or the title thereto, or purporting to affect the security hereof or the rights or powers of Lender or Trustee.

9. Repair and Maintenance of Property. Borrower covenants and agrees with Lender to cause the Property to be managed in a first class manner satisfactory to Lender; to keep the Property in good condition and repair, including, without limitation, maintaining all structures on the Property free of any

liquid water and/or water vapor intrusion into the structures in amounts that could support the growth of fungus and/or mold inside the structures; not substantially to alter, remove or demolish any buildings or other improvements except when incident to the replacement of fixtures, machinery or appliances with items of like kind and of at least equivalent value; to restore promptly and in a good and workmanlike manner to no less than the equivalent of its condition on origination of the Loan any buildings or other improvements which may be damaged or destroyed, including, without restricting the generality of the foregoing, damage from termites and earth movement, regardless of whether insurance proceeds are available to cover any part of the cost of such restoration and repair; to pay when due all claims for labor performed and materials furnished in connection with the Property and not to permit any mechanic's or materialman's lien to be filed or remain against the Property; to comply with all laws affecting the Property or the operation or leasing thereof or requiring any alterations or improvements to be made thereon, including, without limitation, the Americans with Disabilities Act of 1990, as amended; to fully remedy in a manner acceptable to Lender any notice of violation or any other notice issued by any governmental entity having jurisdiction over the Property within thirty (30) days of the date of such notice; not to commit or permit waste thereon; not to commit, suffer or permit any act upon the Property in violation of law; to cultivate, irrigate, fertilize, fumigate and prune all landscaping on the Property; and to do all other acts that from the character or use of the Property may be reasonable necessary to keep the Property in the same or better condition (reasonable wear and tear excepted) as at the date of this Security Instrument; to perform and keep each of the covenants and agreements required to be kept and performed by Borrower pursuant to the terms of any Lease by which Borrower has obtained its interest in the Property and any and all other instruments creating Borrower's interest in or defining Borrower's rights in respect to the Property. Without the prior written consent of Lender, Borrower shall not (i) initiate or acquiesce in a change in the zoning classification of and/or restrictive covenants affecting the Property or seek any variance under existing zoning ordinances, (ii) use or permit the use of the Property in a manner which may result in the use of the Property becoming a non-conforming use under applicable zoning ordinances, or (iii) subject the Property to restrictive covenants.

10. Insurance. At all times, Borrower is to provide, and maintain in force, and pay the cost of property, casualty, commercial general liability, and other types and forms of insurance coverage with respect to such Property or the Loans as may be required by Lender in accordance with Lender's insurance requirements as delivered to Borrower from time to time, including but not limited to the following:

(A) Property All-Risk Insurance. Each policy of insurance shall be in an amount, for a term and in a form and content, shall insure against such risks of loss or damage as are commonly covered by all risk extended coverage policies of insurance and such other risks as Lender may from time to time designate for coverage under Borrower's policies, and shall be provided through such insurance companies, as may be satisfactory to Lender, with loss payable to Lender and shall, if required by Lender, be delivered to and remain in the possession of Lender as further security for the performance by Borrower under this Security Instrument. Such policy of insurance shall include as Lender's Loss Payable Endorsement of Mortgagee Clauses in favor of and in form acceptable to Lender. A "438 BFU" endorsement to the policy is required. The insurance carrier must agree to provide Lender with not less than 30 days written notice of cancelation or termination of the insurance policy.

The amount of such insurance shall in no event be less than (i) the original amount of the Note and be in compliance with any co-insurance requirements of such insurance, or (ii) an amount equal to the highest insurable value of the Property, whichever is the lesser.

Borrower hereby assigns to Lender all unearned premiums on any such policy, and agrees that any and all unexpired insurance shall inure to the benefit of, and pass to, Lender upon acquisition by Lender of the Property through foreclosure proceedings or any purchaser of the Property pursuant to such foreclosure proceedings. Pursuant to its rights granted hereunder in all proceeds from any insurance policies, Lender is hereby authorized and empowered at its option to adjust or compromise any loss under any insurance policies on the Property and to collect and receive the proceeds from any such policy or policies. Each insurance company is hereby authorized and directed to make payment for all such losses directly to Lender alone and not to Borrower and Lender jointly. So long as Borrower is not in default under the Loan Documents, Borrower shall be entitled to participate in the adjustment or compromise of any insurance loss.

(B) Commercial General Liability Insurance and Loss of Income Insurance. Borrower shall, at its sole expense, purchase and maintain commercial general liability insurance coverage for the ownership, maintenance and use of the Property. Lender may require such policies to: (a) be no less than a certain minimum amount (but \$1,000,000 initially); (b) insure against such risks of liability as are commonly covered by broad form commercial liability policies in general use for owners of properties similar to the Property and such other risks as Lender may from time to time designate for coverage under Borrower's policies; (c) be provided through such insurance companies as may be satisfactory to Lender; and (d) include Lender and its successors and assigns, as additional insured or additional loss payees.

Lender may further require that Borrower provide, and maintain in force, at Borrower's sole expense, loss of rental income insurance, loss of earnings insurance, business interruption insurance or other forms of coverage to protect the income or earnings of the Property, in form, coverage and liability amount acceptable to Lender.

(C) Other Insurance. Borrower shall, at its sole expense, obtain and maintain such additional insurance coverage as Lender may from time to time require against other insurable hazards or risks, including but not limited to, environmental impairment liability coverage, flood, wind, and earthquake; provided that Lender may only require coverage for risks not required by Lender at origination of the Loan if such hazards or risks are commonly insured against, and provided such insurance is reasonably available for property similarly situated, due regard being given to the height and type of any buildings, their construction, use and occupancy. Borrower shall promptly pay all premiums when due on any such policies and renewals thereof and shall furnish Lender with written evidence of such payment. At least thirty days prior to the expiration of any such policies required by Lender, a policy form renewing or extending such expiring insurance shall be delivered to Lender if Lender requests delivery of such policies to it.

*In the event Borrower fails to provide insurance complying with the provisions hereof, Lender may, but without obligation so to do, without notice to Borrower, without demand upon Borrower, without releasing Borrower from any obligation hereof, and without curing any default of Borrower, obtain insurance in any amounts determined by Lender, through or from any insurance agency or insurer or insurance underwriter acceptable to Lender, and pay the premium therefore, and Lender by doing so shall not be chargeable with obtaining or maintaining such insurance or for the collection of any insurance monies or for any insolvency of any insurer or insurance company. Insurance coverage obtained by the Lender is likely to be substantially more expensive and may provide substantially less coverage than would or could be obtained by Borrower and Lender shall have no liability in connection with the cost or coverage provided.*

Lender, from time to time, may furnish to any insurance agency or company, or any other person, any information contained in or extracted from any insurance policy theretofore delivered to Lender pursuant hereto and any information concerning the Loan, Borrower, or the Property.

Borrower hereby assigns to Lender all insurance proceeds from each and every kind of insurance obtained by Borrower related to the Property, including without limitation, all proceeds from insurance not specifically required by Lender at the origination of the Loan or thereafter but which may be carried by Borrower from time to time with respect to the Property or the ownership, operation or income thereof, including, without limitation, earthquake, wind and hurricane insurance. If at any time Borrower obtains insurance related to the Property or the ownership, operation or income thereof, which is not specifically required by Lender, including, without limitation, earthquake, wind and hurricane insurance, the Borrower shall nevertheless include Lender and its successors and assigns as additional insured's or additional loss payees thereto.

11. Waiver of Marshalling: Notwithstanding the existence of any other security interests in the Property held by Lender or by any other party, Lender shall have the right to determine the order in which any of all of the Property shall be subjected to the remedies provided in this Security Instrument, the Note, any other Loan Documents or applicable law. Lender shall have the right to determine the order in which any or all portions of the Indebtedness are satisfied from the proceeds realized upon the exercise of such remedies. Borrower and any party who now or in the future acquires a security interest in the Property, and who has actual or constructive notice of this Security Instrument waives any and all right to require the marshalling of assets of the Borrower, including the Property, or to require that any of the Property be sold in the inverse order of alienation, or that any of the Property be sold in parcels or as entirely in connection with the exercise of any of the remedies permitted by applicable law or provided in this Security Instrument.

12. Waiver of Statute of Limitations. Time is of the essence in all Borrower's obligations hereunder, and to the fullest extent permitted by law, Borrower waives the right to assert any present or future statute of limitation with respect to any debt, demand or obligation secured hereunder in any action or proceeding for the purpose of enforcing this Security Instrument, the Note or any other Loan Document or any rights or remedies hereunder.

13. Lease Affecting the Property.

A. Borrower warrants, represents and covenants as to each lease between Borrower and its tenant (the "Tenant Lease") now or hereafter covering all or any part of the Property, that (i) each Tenant Lease is in full force and effect, valid and enforceable in accordance with its terms and has not been modified, amended or altered, whether in writing or orally; (ii) no default exists on the part of the tenant under the Tenant Lease or Borrower thereunder and not to the best of Borrowers knowledge, no event has occurred and is continuing which would result in default but for the requirement that notice be given in accordance with the terms of the Tenant Lease; (iii) no rent has been collected more than one month in advance; (iv) no Tenant Lease, or any interest therein, nor rents and profits arising therefrom, has been previously assigned or pledged; (v) no tenant has any defense, setoff or counterclaim against Borrower under any Tenant Lease; (vi) all rent due under each Tenant Lease has been collected and no concession has been granted to any tenant under a Tenant Lease in the form of a waiver, release, reduction, discount or other alteration of rent due or to become due thereunder; (vii) no Tenant Lease grants to the tenant thereunder, or anyone else an option to purchase, or a right of first refusal to purchase, any part of the Property; (viii) Borrower is the sole owner of the entire landlord's interest in all Tenant Leases and it has

not and will not perform or fail to perform any acts or execute any other instruments which might prevent Lender from fully exercising its rights under the terms, covenants and conditions of this Security Instrument; and (ix) Borrower has full right, power and authority to assign the Tenant Leases and the rents and profits to Lender and Borrower has not done any act which might prevent Lender from exercising its rights under this Security Instrument. The assignment of leases set forth hereinabove shall not be deemed to impose upon Lender any of the obligations or duties of Borrower provided in any such lease (including, without limitation, any liability under the covenant of quiet enjoyment contained in any lease), and Borrower shall comply with and observe its obligations as landlord under all leases affecting the Property or any part thereof.

B. Without the prior written consent of Lender, Borrower shall not (i) amend, modify, cancel, terminate (except following a default by the tenant thereunder which has not been cured within the period, if any, expressly provided for such cure in the Tenant Lease) any Tenant Lease, (ii) waive, excuse, or in any manner release or discharge any tenant or guarantors from their obligations with respect to any Tenant Lease, (iii) extend the term of any Tenant Lease on the Property entered prior to the date hereof, or (iv) enter into any new Tenant Lease on the Property after the date hereof for a period of more than five years including options. Notwithstanding the foregoing, with respect to any Tenant Lease which covers 10,000 square feet or less of the total rentable square footage of the Property, Lender hereby grants permission to Borrower, revocable at any time immediately upon written notice from Lender to Borrower, without regard to the due and faithful performance of Borrower under this Security Instrument, the Note and the other Loan Documents, to take any of the foregoing actions if in the judgment of Borrower, reasonably exercised, such actions do not adversely affect Lender's security interest in the Property, the Tenant Leases or the rents and profits therefrom. Borrower shall not accept payment of rent more than one month in advance without the prior written consent of Lender. Lender shall have the right to require at any time and from time to time that Borrower promptly furnish to Lender original or certified copies of all Tenant Leases now existing or hereafter created.

C. Borrower will immediately notify Lender when any release, termination or "buy-out" consideration is due and payable to Borrower by any tenants or guarantors with respect to any lease, rental, tenancy or occupancy agreement. Notwithstanding anything to the contrary set forth in this Security Instrument or any of the Loan Documents, Lender may, in its sole and absolute discretion, require that any such release, termination or "buy-out" consideration be paid immediately to Lender as proceeds of its collateral. In its absolute and sole discretion and without regard to the adequacy of Lender's security, Lender may apply such payments to reduce the unpaid principal balance of the Loan or deposit such payments in a non-interest bearing account established with Lender which account shall be held as additional security for the Loan.

D. With respect to the assignment of leases hereinabove set forth, Borrower shall, from time to time upon request of Lender, execute one or more separate specific lease assignment or assignments in such form as may be approved by Lender, assigning to Lender all right, title and interest of Borrower in and to any and all leases now or hereafter on or affecting the Property, together with all security therefore and all monies payable thereunder, subject to the conditional License hereinabove given to Borrower to collect the rents and profits under any such lease. Borrower shall also execute and deliver to Lender any notification, financing statement or other document reasonably required by Lender to perfect the foregoing assignment as to any such leases. Lender shall have the right, at any time and from time to time, to notify any tenant of the rights of Lender as provided in the assignment by Borrower to Lender of all leases relating to the Property and to the rents and profits.

E. In the event of the occurrence of any default by Borrower under any Loan Document and the institution by Lender of any foreclosure, receivership or other proceeding for the enforcement of



Lender's rights or remedies under this Security Instrument, Lender may elect at any time prior to consummation of a foreclosure sale of the Property, and the purchaser at such foreclosure sale (including Lender) may elect at any time within thirty (30) days following the consummation of such foreclosure sale, to declare any or all Tenant Leases to be prior and superior to the lien of this Security Instrument and to recognize the rights of the tenant(s) thereunder, in which event such Tenant Lease(s) shall survive such foreclosure sale and shall be and remain in full force and effect, and the tenant(s) thereunder shall be obligated to attorn to Lender or such purchaser and to execute and deliver such instruments of attornment as Lender or such purchaser shall require. Any such election shall be in the sole discretion of Lender or such purchaser, and shall be evidenced by written notice from Lender to Borrower and/or to the applicable tenant(s) delivered either prior to or within thirty (30) days following such foreclosure sale, by a statement of such election contained in the notice of the foreclosure sale, and/or by announcement at such foreclosure sale.

14. No Waiver or Modification Unless in Writing. No modification or waiver by Lender of any right under this Security Instrument shall be effective unless in writing. Waiver by Lender of any right granted to Lender under this Security Instrument or under any provision of this Security Instrument as to any transaction or occurrence shall not be deemed a waiver as to any future transaction or occurrence. By accepting payment of any sum secured hereby after its due date, or by making any payment or performing any act on behalf of Borrower that Borrower was obligated hereunder but failed to make or perform, or by adding any payment so made by Lender to the indebtedness secured hereby, or by exercising Lender's rights to receive and collect the rents, issues, profits, security deposits, royalties, tolls, earnings, income and other benefits therefrom, Lender does not waive its right to require prompt payment when due of all sums so secured or to require prompt performance of all acts required hereunder, or to declare a default for failure so to pay or perform.

15. After-Acquired Property.

(A) To the extent permitted by, and subject to, applicable law, the lien of this Security Instrument, including without limitation the security interest created under the granting clauses of this Deed of Trust, shall automatically attach, without further act, to all property hereafter acquired by Borrower located in or on, or attached to, or contiguous to, or used or intended to be used in connection with, or with the operation of, the Property or any part thereof.

(B) Until all amounts owed pursuant to the Note have been repaid in full, Borrower covenants and agrees that the Property shall not be the subject of a subdivision, lot split, lot line adjustment(s) and the use of the Property shall not change from the use as of the date of the Deed of Trust. Until all amounts owed pursuant to the Note have been repaid in full, Borrower further covenants and agrees that Borrower shall not grant of any easements over, across, through the Property nor shall Borrower grant or allow easements to be created which burden the Property. Similarly, Borrower shall: (i) not allow the zoning designation of the Property to be changed or altered, (ii) not pursue a change of the zoning designation of the Property, (iii) oppose, to the best of Borrower's ability, any attempt to change or alter the zoning designation of the Property or create special assessments involving the Property.

16. Personal Property Left at Foreclosed Property: Borrower waives any rights to personal property remaining at the foreclosed property as described in California Code of Civil Procedure 1174 a-m and elsewhere in codes and case law. Lender has the absolute right to remove and dispose of said personal



property and is not required to store and/or preserve personal property. To the extent said personal property is located in any other state or Territory of the United States of America, a similar waiver and procedure is agreed to by Borrower.

17. Taxation of Trust Deeds: In the event of the enactment of any applicable law for the purpose of taxation of any lien secured under this Trust Deed, Borrower shall bear and pay the full amount of those taxes. However, in the event that payment by Borrower of any new, changed or additional taxes would be unlawful or if payment would then constitute usury, Lender may declare the debt to be immediately due and payable or Lender may at its option pay that amount or portion of the tax as would otherwise render the debt unlawful or usurious, in which event Borrower shall concurrently pay the remaining lawful and non-usurious portion of those taxes.

18. Fees for Late Payments, Advances, Dishonored Checks and Other Fees Payable By Borrower. Fees payable to Lender from Borrower for late payments, advances, dishonored checks and the like are in addition to, and not in lieu of, any other remedy. Payment or the accrual of such fees may result in the outstanding principal balance exceeding the face amount of the note.

19. Limitation of Lender Liability. The obligations of Lender under this Loan shall not constitute personal obligations of Lender or its partners, members, directors, principals, officers or investors, and Borrower shall look only to Lender's interest in the Loan, and to no other assets of Lender for the satisfaction of any liability of Lender with respect to this Loan, and shall not seek recourse against Lender's partners, members, principals, directors, officers or investors, or any of their personal assets for such satisfaction.

20. Commercial Loan and Use of Property. Borrower hereby represents that this loan is for commercial use and not for personal, family or household purposes. To the maximum extent permitted by applicable law, Borrower represents, warrants and covenants that, at no time during the term of this loan, will the Property be used as a permanent or temporary residence by Borrower, any Guarantor or any person who is related to Borrower or any Guarantor by blood or marriage. A breach of the representations, warranties and covenants set forth in this Section 20 shall constitute a material Event of Default and shall entitle Lender, at Lender's option, to declare the Note and any other obligations secured by the Security Instrument, together with accrued interest thereon, immediately due and payable.

21. Requirement of Tender. In the event of foreclosure of this Deed of Trust, any party, including the Borrower, or any junior lienor, who elects to challenge or bring any action against the foreclosure on any legal or equitable ground, must as a condition to any such proceeding tender full payoff to the Beneficiary or other party who acquired title to the property through the foreclosure sale, of all indebtedness, fees and costs secured by the foreclosed Deed of Trust. In the event such required tender is not made and satisfied, then any such proceeding with respect to the foreclosure will not be entertained or heard by any court or other tribunal.

22. Assignment of Leases and Rents. If and to the extent that the Deed of Trust does not contain an assignment of similar effect and in addition to all other assignments made in the Deed of Trust, in the event of a default by Borrower under the Loan, Note and/or Deed of Trust, Borrower does hereby assign to Lender all of the rents, profits and issues due and to become due from the real and personal property encumbered by the Deed of Trust, together with all documents, leases, agreements, service contracts and insurance policies affecting the such real and personal property. Upon Borrower's default under the

Loan, Note and/or Deed of Trust, Lender shall have the authority to: (a) enter upon and take possession of the real and personal property encumbered by the Deed of Trust, (b) demand, collect and receive from the tenants, lessees or parties in possession of the Premises or part thereof, rents now due or to become due, (c) endorse Borrower's name on any checks, notes or instruments for the payment of money and to deposit the same in Lender's accounts, and (d) to rent or lease the real and/or personal property secured by the Deed of Trust and to employ agents to manage, clean and maintain the same.

23. Assignment of Work Product. Borrower does hereby assign to Lender any and all of its development work product, including, but not limited to, any and all of its work product from any and all of its architects, engineers, surveyors and consultants which Borrower owns or which is under the control of Borrower, or which Borrower may obtain.

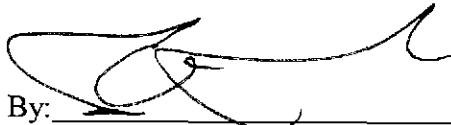
24. Majority of Note Holders May Direct. Each Lender, by submitting the Funds or its share of the Funds to make this Loan, agrees that: 1) a Majority of the holders of the Lender's interest in the Loan ( M.I.I. ) shall have the right to direct the actions of all holders of the Lender's interest. Holders of more than 50% of the recorded beneficial interest in the Loan ( M.I.I.) may appoint a person to act on behalf of all of the Lenders as to any matter requiring approval of the Lenders including, but not limited to, designation of a broker and/or servicing agent, actions related to defaults and/or foreclosures, reconveyances of liens or similar matters. 2) Paul Elis is appointed as an attorney in fact to engage in any or all actions permitted by law including those recited in the previous sentence; and 3) they will execute any documents, including obtaining notarization thereof, as deemed necessary by the M.I.I.

25. Any part of any judgment, decree, or order of a court of a state in the United States that requires payment of any money, specifically excluding a support order, may be filed with any court of the United States of America, with jurisdiction, and judgment is entered immediately upon filing. Once the judgment, decree, or order of a court of a state in the United States that requires payment of any money is served on the judgment debtor, it becomes enforceable, and a writ of execution can be issued therefrom; provided, however, that the judgment debtor has 30 days to file and serve a motion to vacate the judgment. But the monetary judgment may only be vacated upon certain specified and proven grounds, which are as follows and are hereby expressly WAIVED:

- (1) the sister state court (that entered the judgment) lacked either subject matter or personal jurisdiction over the defendant;
- (2) there is an appeal of the judgment pending in the sister state;
- (3) the sister state court has granted a stay of enforcement; and
- (4) there is a motion to vacate the judgment pending in the sister state.

This waiver is knowingly made and entered on the advice of counsel who represented the Borrower in this loan transaction. Borrower acknowledges that he/she consulted with an attorney of their choosing before signing this Addendum.

**SEDRO WOOLLEY, LLC**, a Washington limited liability company:



By: \_\_\_\_\_  
Robert Janicki, Manager

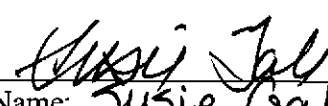
STATE OF WASHINGTON )

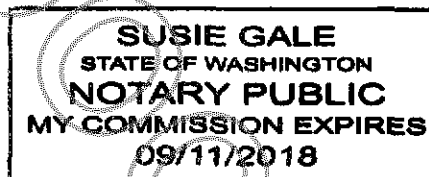
) ss.

COUNTY OF Whatcom

I, the undersigned, a notary public in and for the State of Washington, hereby certify that on this 19<sup>th</sup> day of May 2017 personally appeared before me Robert Janicki, to me known or having presented satisfactory evidence to be the Manager of SEDRO WOOLLEY, LLC, a Washington limited liability company, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

SUBSCRIBED AND SWORN TO before me this 19<sup>th</sup> day of May, 2017.

  
Print Name: Susie Gale  
NOTARY PUBLIC in and for the State of  
Washington, residing at Bellingham  
My commission expires: 9/11/18



**SEDRO WOOLLEY CORNER, LLC**, a Washington limited liability company:

By: [Signature]  
Robert Janicki, Manager

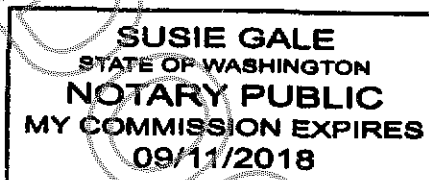
STATE OF WASHINGTON )

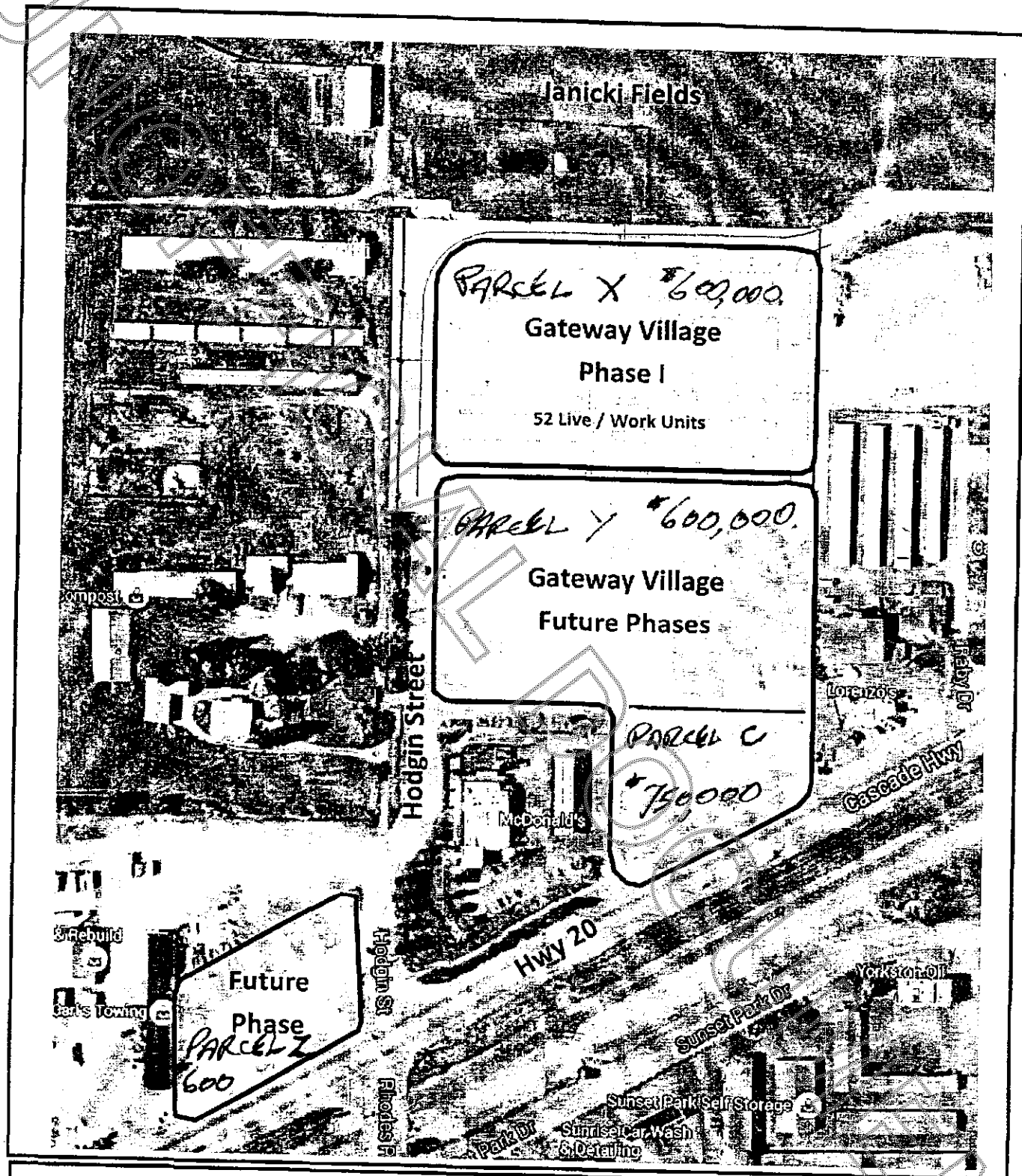
COUNTY OF Whatcom ) ss.

I, the undersigned, a notary public in and for the State of Washington, hereby certify that on this 19<sup>th</sup> day of May 2017 personally appeared before me Robert Janicki, to me known or having presented satisfactory evidence to be Manager of SEDRO WOOLLEY CORNER, LLC, a Washington limited liability company, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

SUBSCRIBED AND SWORN TO before me this 19<sup>th</sup> day of May, 2017.

[Signature]  
Print Name: Susie Gale  
NOTARY PUBLIC in and for the State of  
Washington, residing at Bellingham  
My commission expires: 9/11/18





GATEWAY VILLAGE

PHASING MAP

EXHIBIT A

THE **RJ** GROUP