

3.



201706060050

When recorded return to:

MICHAEL A. WINSLOW
Attorney at Law
1204 Cleveland Avenue
Mount Vernon, Washington 98273

Skagit County Auditor \$80.00
6/6/2017 Page 1 of 7 2:40PM

Land Title and Escrow
DI-162193-DE

SHORT FORM DEED OF TRUST

GRANTOR: 48 North Anacortes, LLC, a Washington limited liability company.

GRANTEES:
1. Beneficiary KKAR Enterprises, L.L.C.
2. Trustee Land Title & Escrow

LEGAL DESCRIPTION:

Lots 1-18 of "48 North Plat & PUD", recorded May 2, 2017 under Skagit County Auditor's File No. 201705020028;

Situate within the County of Skagit, State of Washington.

ASSESSOR'S PROPERTY TAX PARCEL OR ACCOUNT NOS.

P133659/6042-000-001-0000	P133660/6042-000-002-0000	P133661/6042-000-003-0000
P133662/6042-000-004-0000	P133663/6042-000-005-0000	P133664/6042-000-006-0000
P133665/6042-000-007-0000	P133666/6042-000-008-0000	P133667/6042-000-009-0000
P133668/6042-000-010-0000	P133669/6042-000-011-0000	P133670/6042-000-012-0000
P133671/6042-000-013-0000	P133672/6042-000-014-0000	P133673/6042-000-015-0000
P133674/6042-000-016-0000	P133675/6042-000-017-0000	P133676/6042-000-018-0000

REFERENCE NOS OF DOCUMENTS

ASSIGNED OR RELEASED: None.

CONVEYANCE:

1. This Deed of Trust is made on June 6, 2017, between 48 North Anacortes, LLC, a Washington limited liability company, *Grantor*, whose address is 504 E. Fairhaven Avenue, Burlington, WA 98233; Land Title Company, *Trustee*, whose address is 111 E. George Hopper Road, Burlington, WA 98233; and KKAR Enterprises, L.L.C., a Washington limited liability company, *Beneficiary*, whose address is 1404 Riverside Drive, Mount Vernon, WA 98273.

2. Grantor hereby irrevocably grants, bargains, sells, and conveys to Trustee in trust, with power of sale, all Grantor's estate, right, title, interest, claim and demand, now owned or hereafter acquired, in and to the following described property in Skagit County, Washington (the "Property," which term shall include all or any part of the Property, any improvements thereon and all the property described as follows:

Lots 1-18 of "48 North Plat & PUD", recorded May 2, 2017 under Skagit County Auditor's File No. 201705020028;

Situate within the County of Skagit, State of Washington.

TOGETHER WITH all the tenements, hereditments and appurtenances now or hereafter belonging or in any way appertaining leases and other agreements for use and occupancy pertaining thereto and the rents, issues and profits thereof and all other property or rights of any kind or nature whatsoever further set forth in the Master Form Deed of Trust hereinafter referred to, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profit. This Deed of Trust shall constitute a security agreement under the Uniform Commercial Code of Washington between Grantors as debtor and Beneficiary as secured party. Grantors grant a security interest to Beneficiary in any of the property which is personal property and also grants a security interest in the property described in Section 2 of the Master Form Deed of trust hereinafter referred to, now owned or hereafter acquired by Grantors (the Property as defined above, and the property described in said Section 2 are hereafter referred to as the "Collateral").

3. THIS DEED IS FOR THE PURPOSE OF SECURING the following:

(a) Payment of the sum of One Million, Five Hundred Thousand Dollars (\$1,500,000.00), with interest thereon according to the terms of a promissory note of even date herewith, payable to Beneficiary or order and made by Grantors (the "Note," which term shall include all notes evidencing the indebtedness secured by this Deed of Trust, including all renewals, modifications or extensions thereof);

(b) Payment of any further sums advanced or loaned by Beneficiary to Grantors, or any of its successors or assigns, if:

(i) the note or other writing evidencing the future advance or loan specifically states that it is secured by this Deed of Trust; or

(ii) the advance, including costs and expenses incurred by Beneficiary, is made pursuant to this Deed of Trust or any other documents executed by Grantors evidencing, securing or relating to the Note and/or the Collateral, whether executed prior to, contemporaneously with or subsequent to this Deed of Trust (this Deed of Trust, the Note and such other documents, including any construction or other loan agreement are hereafter collectively referred to as the "Loan Documents") together with interest thereon at the rate set forth in the Note unless otherwise specified in the Loan Documents or agreed to in writing.

(c) Performance of each agreement, term and condition set forth or incorporated by reference in the Loan Documents, including without limitation the loan agreement and/or commitment

dated and assignment of leases and/or rents of even date herewith, which are incorporated herein by reference, or contained herein.

4. By executing and delivering this Deed of Trust and the Note secured hereby, the parties agree that all provisions of Paragraphs 1 through 65 inclusive of the Master Form Deed of Trust hereinafter referred to, except such paragraphs as are specifically excluded or modified herein, are hereby incorporated herein by reference and made an integral part hereof for all purposes the same as if set forth herein at length, and the Grantors freely make said covenants and agree to fully perform all of said provisions. The Master form Deed of Trust above referred to was recorded on the eleventh 11th day of August, 1987, in the Official Records of the offices of the county Auditors of the following counties in Washington in the book, and at the page designated after the name of each county, to-wit:

COUNTY	BOOK OR VOL.	PAGE NO.	AUDITOR'S FILE NO.
Adams	142	305	213404
Asotin			175404
Benton	493	1125	87-12850
Chelan	880	1663	8708110050
Clallam	784	278	594433
Clark		19	8708110009
Columbia	2H	296	H2135
Cowlitz			870811020
Douglas	M224	76	245733
Ferry	MF		205269
Franklin	0227	251	454027
Garfield			87248
Grant	634	109	804746
Grays Harbor	87	18669	870811031
Island	559	1756	87011073
Jefferson	243	338	309675
King			8708110560
Kitsap	432	682	8708110065
Kitittas	264	212	506597
Klickitat	141	300	206526
Lewis	365	154	960637
Lincoln			377660
Mason	384	027	470654
Okanogan	70	2376	741827
Pacific	8708	348	84496
Pend Oreille	74	899	194502
Pierce	0440	0367	8708110085
San Juan	188	341	87147097
Skagit	719	58	8708110057
Skamania	106	326	1036446
Snohomish	2079	0467	0708110076
Spokane	918	688	8708110112
Stevens	115	0434	8705730

Thurston	1511	769	8708110045
Wahkiakum	71	256	38075
Walla Walla	166	400	8706174
Whatcom		614	1580300
Whitman	48		521420
Yakima	1217	977	2807235

5. A copy of such Master Form Deed of Trust is hereby furnished to the person executing this Deed of Trust and by executing this Deed of Trust, the Grantors acknowledge receipt of such Master Form Deed of Trust. The Property which is the subject of this Deed of Trust is not used principally or primarily for agricultural or farming purposes. The undersigned Grantors request that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at the address hereinbefore set forth.

6. The specific provisions of this Deed of Trust, the Promissory Note secured hereby and the Loan Agreement (if any) shall control in the event of conflict with provisions with the Master Form.

7. Paragraph 17 of the Master Form Deed of Trust is deleted and the following language is substituted:

8. **Due on Sale Clause.** Beneficiary may, at its option, declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer of all or any part of the real property, or any interest therein, without the Beneficiaries' prior written consent. A "sale or transfer" means the conveyance of any property or any right, title or interest therein; whether legal or equitable, whether voluntary or involuntary, by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than ten years, lease/ option to purchase contract; sale, assignment or transfer of any beneficial interest in or to any land trust holding title to the real property or any other method of conveyance of real property interests. A sale of the corporation, limited liability company or partnership interest greater than 49% of the voting stock, partnership interests, or member interests after date of the recording the Deed of Trust or dilution of the current voting stock, partnership or member interests through issuance of additional shares or interests shall likewise constitute a "transfer". In the case of a conveyance or contract to convey, the interest shall likewise increase to the default amount or the holder may consent to the conveyance or contract to convey and increase the interest rate provided for herein. However, this option shall not be exercised by Beneficiary if exercise is prohibited by federal or Washington law.

9. Paragraph 26 of the Master Form Deed of Trust is deleted and the following language is substituted:

Late Charge. Payments will be late if not received by Beneficiary or his successor within the date due as specified in the Promissory Note. If a payment is late, Makers agree to pay a late charge equal to five percent (5%) of the amount of the delinquency. If the event the full balance of the note is not paid on or before 30 days from the date due, the Maker shall pay a late charge equal to two percent (2%) of the balance of all principal and interest due. There will be no daily pro rata adjustment. All late charges shall accrue to the benefit of the Beneficiary. This paragraph shall not relieve the Grantor of the obligation to make payments on or before the date on which they are due nor do the terms of this paragraph in anyway affect Beneficiary's remedies pursuant to the terms of the Note secured hereby or this Deed of Trust.

10. Paragraph 47 of the Master Form Deed of Trust is deleted.

11. Paragraph 58(b) of the Master Form Deed of Trust is deleted and the following language is substituted.

(b) Grantors shall promptly comply with all statues regulations and ordinances which apply to Grantors or the Property and with all orders, decrees or judgments of governmental authorities or courts having jurisdiction which Grantors are bound by, relating to the use, collection, storage, treatment, control, removal or cleanup of hazardous or toxic substances in, on or under the Property or in, on or under an adjacent property that becomes contaminated with hazardous or toxic substances as a result or construction, operations or other activities on, or the contamination of, the Property, at Grantors' expense. Beneficiary may, but is not obligated to, enter upon the Property and take such actions and incur such costs and expenses to effect such compliance as it deems advisable to protect its interest as Beneficiary; and whether or not Grantors have actual knowledge of the existence of hazardous or toxic substances in, on or under the Property or any adjacent property as of the date hereof, Grantor shall reimburse Beneficiary on demand for the full amount of all costs and expenses incurred by Beneficiary prior to Beneficiary acquiring title to the Property through foreclosure or deed in lieu of foreclosure, in connection with such compliance activities.

12. **The term "Grantor" as used in this agreement includes the "Borrower" as defined in RCW 61.24, if the Borrower is a person or entity other than the Grantor.**

13. To the extent permitted by law, including, without limitation, RCW 61.24.100, the Beneficiary hereunder may seek and obtain a deficiency judgment following the completion of a judicial foreclosure or a non-judicial trustee's sale of all or a portion of the security for the obligation secured by this Deed of Trust. This Deed of Trust does not secure any Guaranty Agreement, even though a Guaranty may be included in the definition of *Loan Documents* or *Related Documents* in this Deed of Trust or elsewhere. The Guaranties, if any, given in relationship to this loan are unsecured and shall not be affected by foreclosure against the Collateral, whether such foreclosure be judicial or non-judicial by their enforcement procedures.

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

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

insurance premiums and attorneys' fees as may be incurred, at Lender's option, for any such action, if taken at Borrower's request.

16. **Partial Reconveyance Requirements.** A reduction of principal in the amount of Eighty-Five Thousand Dollars (\$85,000.00) shall be required for each lot released and partially reconveyed.

Upon not less than twenty (20) days' prior written notice from Grantor, Beneficiary shall request of the Trustee a partial reconveyance from the lien of this Deed of Trust to certain portions of the property on the following terms and conditions:

(a) There exist no defaults under the Loan Agreement, the Note, this Deed of Trust or any other security for the Note at the time the partial reconveyance is requested or is to be recorded, provided, however, no consent to any partial reconveyance shall constitute a waiver of any default, nor of any condition herein to any future reconveyance;

(b) The size and configuration of the parcel to be reconveyed has been approved by Beneficiary in writing, which consent shall not be unreasonably withheld;

(c) Grantor has provided Beneficiary with satisfactory evidence confirming that the parcels being reconveyed and the parcels remaining encumbered by this Deed of Trust following the reconveyance comply with all applicable site plan, subdivision and platting requirements;

(d) The parcel(s) remaining encumbered by this Deed of Trust constitute separate tax parcels and one or more separate legal lots;

(e) The parcels remaining encumbered by this Deed of Trust following the reconveyance have adequate access to all rights-of-way, utilities, shared parking and other common areas;

(f) The partial reconveyance will not result in any encroachment or breach any zoning law;

(g) Beneficiary's receipt at Grantor's expense of one or more endorsements to its mortgagee's title insurance policy insuring the continuing validity and priority of this Deed of Trust following the partial reconveyance; insuring the matters set forth in clause (d) above; and insuring such other matters set forth in clause (e) and (f) hereof above as can be insured to lender's satisfaction by title endorsement;

(h) Beneficiary's receipt of payment of all Beneficiary's costs and fees, including review and approval work, incurred in connection with such partial reconveyance request (the minimum release fee is \$250.00); and

(i) Beneficiary's receipt of the release price set forth in the Loan Agreement.

17. The parties covenant and agree that the loan for which this Deed of Trust is given is for commercial purposes only. The Grantor/Borrower expressly covenants and agrees that the loan proceeds will not be used for any personal, family, or household purpose.

Grantor's street address for service of process:

504 E. Fairhaven Avenue
Burlington, WA 98233

WITNESS the hand and seal of the Grantor on the day and year first above written.

48 North Anacortes, LLC

[Handwritten signature of Brian D. Gentry]

By: Brian D. Gentry, Manager/Member

[Handwritten signature of Kendra F. Decker]

By: Kendra F. Decker, Member

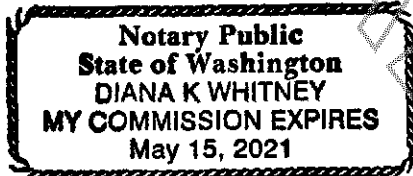
State of Washington)

)ss

County of Skagit)

I certify that I know or have satisfactory evidence that Brian D. Gentry is the person who appeared before me; that he acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged as the Manager/Member of 48 North Anacortes, LLC, to be the free and voluntary act of him for the uses and purposes contained in the instrument.

DATE: JUNE 1st, 2017.



[Handwritten signature of Diana K. Whitney]
DIANA K. WHITNEY, Notary Public
My appointment expires 15 MAY 2021

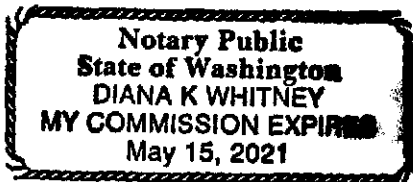
State of Washington)

)ss

County of Skagit)

I certify that I know or have satisfactory evidence that Kendra F. Decker is the person who appeared before me; that she acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged as a Member of 48 North Anacortes, LLC, to be the free and voluntary act of her for the uses and purposes contained in the instrument.

DATE: JUNE 1st, 2017.



[Handwritten signature of Diana K. Whitney]
DIANA K. WHITNEY, Notary Public
My appointment expires 15 MAY 2021