

WHEN RECORDED RETURN TO:

Tryg Fortun
Barbara Fortun
16019 Inglewood Rd. NE
Kenmore, WA 98028

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

SEP 04 2019

Amount Paid \$
Skagit Co. Treasurer
By *MM* Deputy

TRACTS B & C, BURLINGTON SHORT PLAT NO. 3-79; BEING PTN. S/2 W/2,
LOT 50, PLAT OF THE BURLINGTON ACREAGE PROPERTY
P62663

COLLATERAL ASSIGNMENT OF LEASES

620039300
CHICAGO TITLE

THIS COLLATERAL ASSIGNMENT OF LEASES is made this 4th day of September, 2019, from ARIEL APARTMENTS LLC, a Washington limited liability company, ("Assignor") to TRYG FORTUN and BARBARA FORTUN ("Lender").

FOR VALUE RECEIVED, Assignor hereby grants, transfers and assigns to Lender all of the right, title and interest of Assignor in and to all leases of Assignor on the real property described at 506 Orchard Place, Burlington, WA 98233 as described in Exhibit A hereto.

TOGETHER WITH any and all extensions and renewals thereof acceptable to the Lender and together with all rents, issues and profits accruing under the Leases,

FOR THE PURPOSE OF SECURING

(1) Payment of the indebtedness evidenced by that certain note of even date, including any extensions or renewals thereof, of even date, in the principal sum of \$3,950,000.00 made by ARIEL APARTMENTS, LLC, a Washington limited liability company ("Note") and secured by a deed of trust on the Property ("Deed of Trust").

(2) Payment of all other sums with interest thereon becoming due and payable to the Lender under the provisions hereof or under the provisions of the Note, Deed of Trust, the Loan Agreement between Assignor and Lender and any amendments or modifications thereof

(3) Performance and discharge of each and every obligation, covenant and agreement of the Assignor herein and in the Note, Deed of Trust and the Loan Agreement.

TO PROTECT THE SECURITY OF THIS ASSIGNMENT, ASSIGNOR AGREES:

1. To faithfully pay or perform, at the sole cost of Assignor, each and every obligation, covenant and agreement to be paid or performed by the Lessor under the Leases, to take steps reasonably necessary to enforce or secure the performance of each and every obligation, covenant, condition and agreement to be paid or performed by the lessees under the Leases and not to collect or accept any rents or profits payable under the Leases in excess of one month in advance without the written consent of the Lender.

2. At Assignor's sole cost and expense to appear in and defend any action or proceeding arising under, growing out of or in any manner connected with the Leases or the obligations, duties or liabilities of Lessor and Lessees thereunder, and to pay all costs and expenses of the lender, including attorney's fees in any action or proceeding in which the Lender may appear

3. That should the Assignor fail to make any payment or to do any act as herein provided, then the Lender, but without obligation so to do and without notice to or demand on Assignor, and without releasing Assignor from any obligation thereof, may make or do the same in such manner and to such extent as the Lender may deem necessary to protect the security hereof, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Lender, and also the right to perform and discharge each and every obligation, covenant and agreement of Assignor in the Leases contained, and in exercising any such powers to pay necessary costs and expenses, employ counsel and incur and pay attorney's fees

4. To pay immediately upon demand all sums expended by the Lender under the authority hereof, together with interest thereon at twelve percent (12%) per annum.

IT IS MUTUALLY AGREED THAT

So long as there shall exist no default by Assignor in the payment of any indebtedness secured hereby or in the performance of any obligation, covenant or agreement herein or in said Deed of Trust or Leases contained, Assignor shall have the right to the use and benefit of the Leases in the premises covered thereby. In the event of default, however, of any part of the indebtedness secured hereby or in the performance of any obligation, covenant or agreement herein or in the Deed of Trust (or any other instrument securing the Note), the Lender may, at its option, declare all sums secured hereby immediately due and payable and may also, at its option, without notice and without regard to the adequacy of security for the indebtedness hereby secured, either in person or by agent, enter upon, take possession of, manage and operate the Property or any part thereof, and do any acts which the Lender deems proper to protect its security, including collecting all rents and enforcing any rights which the Assignor might have had under the Leases. The entering upon and taking possession of the Property and the exercise of rights under the Leases shall not cure any default or waive, modify or affect any notice of default under the Deed of Trust or invalidate any act done pursuant to said notice.

The Lender may apply rents it has received first to costs of operation of the Property, to its legal fees and expenses in enforcing its rights hereunder and under the Note, Loan Agreement and

Deed of Trust and to obligations owed it under this Assignment and thereafter to late fees, interest and principal due under the Note.

This assignment shall be cumulative to the Deed of Trust and the enforcement of either of said securities shall be no bar to any enforcement of the other and that this assignment and the Deed of Trust may be enforced independently, concurrently or as the Holder of the Note sees fit and nothing contained herein shall affect the right of the Holder of the Note to foreclose the Deed of Trust in the event of a default thereunder.

The Lender shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under the Leases or under or by reason of this assignment, and Assignor shall and does hereby agree to indemnify and to hold the Lender harmless of and from any and all liability, loss or damage which it may or might incur under the Lease or under or by reason of this assignment and of and from any and all claims and demands whatsoever that may be asserted against it by reason of any alleged obligations undertaken on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases. Should the Lender incur any such liability, loss or damage under the Leases or under or by reason of this assignment, or in the defense of any such claims or demands, the amount hereof, including costs, expenses and attorney's fees, shall be secured hereby, and Assignor shall reimburse the Lender therefor immediately upon demand, and upon the failure of Assignor so to do, the Lender may declare all sums secured hereby immediately due and payable.

ARIEL APARTMENTS, LLC

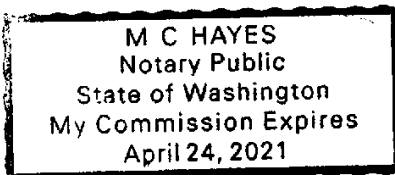
By

Loren Ness, Manager

STATE OF WASHINGTON)
) ss.
COUNTY OF Skagit)

I certify that I know or have satisfactory evidence that LOREN NESS is the person who appeared before me, and said person acknowledged that he is authorized to execute the instrument and acknowledge it as the Manager of ARIEL APARTMENTS, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: September 4, 2019.



M C Hayes
Notary name printed MCHayes
Notary Public in and for the State of Washington
Residing at Mount Vernon
My appointment expires: 4-24-2021

Exhibit A

Tract "B" and "C" of Burlington Short Plat No. 3-79, approved April 17, 1979 and recorded April 25, 1979 under Auditor's File No. 790425003, in Volume 3 of Short Plats, page 100, being a portion of the south half of the west half of Lot 50, Plat of the Burlington Acreage Property as per plat recorded in Volume 1 of Plats, Page 49, records of Skagit County, Washington.

Tax Parcel No: 3867-000-050-2100