

When Recorded Return to:

BANNER BANK
3005 112th Avenue NE, Suite 100
Bellevue, WA 98004
Attn: Linda Lukenbill

202004150091

04/15/2020 03:16 PM Pages: 1 of 23 Fees: \$437.00
Skagit County Auditor

Land Title and Escrow

01-176460-0



DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, AND FIXTURE FILING

Grantor(s):	MOUNT VERNON RV PARK, LLC, a Washington limited liability company
Grantee(s):	BANNER BANK (Beneficiary) LAND TITLE AND ESCROW OF SKAGIT COUNTY
Legal Description (abbreviated):	Ptn SE 1/4 NW 1/4, 19-34-4 E W.M.
<input checked="" type="checkbox"/> Complete legal on	EXHIBIT A
Assessor's Tax Parcel Identification No(s):	340419-2-007-0004 (P26673); 340419-2-008-0003 (P26674)
Reference No. of Related Documents:	N/A

Notice to Recorder: For purposes of Article 9 of the Uniform Commercial Code (RCW 62A.9A), this Deed of Trust constitutes a Security Agreement and Financing Statement with the Grantor being the Debtor and the Lender being the Secured Party. This Deed of Trust shall also constitute a Financing Statement filed as a fixture filing pursuant to Article 9 of the Uniform Commercial Code, and should be filed and indexed in the real estate records not only as a deed of trust, but also as a fixture filing.

THIS DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, AND FIXTURE FILING ("**Deed of Trust**") is made as of April 14, 2020, by MOUNT VERNON RV PARK, LLC, a Washington limited liability company ("**Borrower**" or "**Grantor**"), whose mailing address 19395 Conway Hill Road, Mount Vernon, Washington 98274; to LAND TITLE AND ESCROW OF SKAGIT COUNTY ("**Trustee**"),

whose mailing address is 111 E. George Hooper Road, Burlington, Washington 98233; for the benefit of BANNER BANK, an Washington state chartered bank ("**Lender**" or "**Beneficiary**"), whose mailing address is 19800 North Creek Pkwy, Suite 200, Bothell, WA 98011.

Notice to Grantor: The Note secured by this Deed of Trust contains provisions for a variable interest rate.

1. GRANT IN TRUST AND SECURED OBLIGATIONS.

1.1 Grant in Trust. In consideration of the loan (the "**Loan**") evidenced by the Note and Loan Agreement (both defined below), Borrower, as Grantor, hereby irrevocably grants, transfers, conveys and assigns to Trustee, in trust, with power of sale, all of Borrower's present and future estate, right, title, claim, and interest, either in law or in equity, in and to the following property ("**Property**"), which Property is not used principally for agricultural purposes:

1.1.1 The real property described in EXHIBIT A attached hereto, and all existing and future rights to the alleys, streets and roads adjoining or abutting the real property, all present and future easements, access, air and development rights, minerals and oil, gas and other hydrocarbon substances, royalties, water, water rights and water stock, and all other rights, hereditaments, privileges, permits, licenses, franchises and appurtenances belonging or in any way appertaining to such real property ("**Realty**");

1.1.2 All present and future buildings, improvements and tenements located on the Realty ("**Improvements**");

1.1.3 All present and future fixtures and articles of property attached to, or used or adapted for use in, the ownership, development, construction, operation or maintenance of the Realty and Improvements, including, without limitation, all heating, cooling, air-conditioning, ventilating, refrigerating, plumbing, generating, power, lighting, laundry, maintenance, incinerating, lifting, cleaning, fire prevention and extinguishing, security and access control, cooking, gas, electric and communication fixtures, equipment and apparatus; all engines, motors, conduits, pipes, pumps, tanks, ducts, compressors, boilers, water heaters and furnaces; all ranges, stoves, disposers, refrigerators and other appliances; all escalators and elevators, baths, sinks, cabinets, partitions, mantels, built-in mirrors, window shades, blinds, screens, awnings, storm doors, windows and sash; all carpeting, underpadding, floor covering, paneling, and draperies; and all shrubbery and plants. All such items shall be deemed part of the Realty and not severable wholly or in part without material injury to the freehold;

1.1.4 All present and future rents, revenues, issues, profits and income from the Realty or the Improvements, and all present and future leases and other agreements for the occupancy or use of all or any part of the Realty and Improvements, including, without limitation, all cash or security deposits, letters of credit and letter of credit rights guaranteeing or supporting any lease or tenancy, advance rentals and deposits or payments of similar nature, and all guarantees of tenants' or occupants' performance under such leases or agreements of occupancy or use of all or part of the Realty, the Improvements, or both, and all letters of intent to lease;

1.1.5 All present and future tangible personal property used in connection with the ownership, development, operation or maintenance of the Realty and Improvements, whether located at the Realty or off-site, including, without limitation, all furniture, furnishings, equipment, and supplies;

1.1.6 All present and future intangible personal property used in connection with the ownership, development, construction, operation, management, or maintenance of the Realty and Improvements, and all land use entitlements, permits, licenses and franchises, contract rights (including, without limitation, all architectural, engineering, consulting, management, and maintenance contracts), accounts receivable, escrow accounts, insurance policies, deposits, instruments, documents of title, general intangibles, business records and the exclusive right to the use of Borrower's trade names;

1.1.7 All present and future materials, supplies, and other goods, wherever located, whether in the possession of Borrower, warehouseman, bailee, or any other person, purchased for use in the construction, operation or furnishing of the Improvements, whether such items are located at the Realty or off-site, together with all documents, contract rights, and general intangibles relating thereto;

1.1.8 All present or future site plans, plats, architectural plans and specifications, work drawings, surveys, engineering reports, test borings, market surveys, and other work products relating to the Realty and Improvements;

1.1.9 All present or future site-development and construction contracts relating to the Improvements, together with, to the extent transferable by Borrower, all performance, payment, completion or other surety bonds in connection with or related to any such construction contracts;

1.1.10 All present and future contracts and policies of insurance that insure any buildings, structures or improvements on the Realty, including, without limitation, the Improvements, or any fixtures or personal property thereon, against casualty and theft, and all monies and proceeds and rights thereto that may become payable by virtue of any insurance contracts or policies;

1.1.11 All of Borrower's right, title and interest in and to the proceeds of any and all condemnation actions now or hereafter affecting the Property;

1.1.12 All claims, causes of action, warranties, accounts receivable, escrow accounts, insurance policies, deposits (including tax, insurance and other reserves), instruments, documents of title, general intangibles, and business records;

1.1.13 All present and future monetary deposits to any city, county, public body or agency, irrigation, sewer or water district or company, and any other body or agency, for the installation, or to secure the installation, of any utility pertaining to the Realty or the Improvements;

1.1.14 All refunds, rebates, reimbursements, reserves, deferred payments, deposits, cost savings, governmental subsidy payments, governmentally-registered credits (such as emissions reduction credits), other credits, waivers and payments, whether in cash or in kind, due from or payable by (i) any federal, state, municipal or other governmental or quasi-governmental agency, authority or district (each, a "**Governmental Authority**") or (ii) any insurance or utility company relating to any or all of the Realty or Improvements or arising out of the satisfaction of any conditions imposed upon or the obtaining of any approvals for the development or rehabilitation of the Realty;

1.1.15 All refunds, rebates, reimbursements, credits and payments of any kind due from or payable by any Governmental Authority for any taxes, special taxes, assessments, or similar governmental or quasi-governmental charges or levies imposed upon Borrower with respect to the Realty or Improvements or upon any or all of the Realty or Improvements or arising out of the satisfaction of any

conditions imposed upon or the obtaining of any approvals for the development or rehabilitation of the Realty or Improvements;

1.1.16 All proceeds (including claims and demands therefor) of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, without limitation, all insurance proceeds and condemnation awards;

1.1.17 All books, records, and data pertaining to any and all of the Property described above, however recorded, stored, or maintained, including digital, electronic, and computer-readable data and any computer hardware or software necessary to access and process such data; and

1.1.18 All products and proceeds of the foregoing.

Capitalized terms used but not defined herein shall have the meanings given to them in the Loan Agreement.

1.2 Secured Obligations. The following obligations are secured by this Deed of Trust (collectively the "**Secured Obligations**"):

1.2.1 Payment of the sum of ONE MILLION SEVEN HUNDRED THOUSAND AND 00/100THS DOLLARS (US \$1,700,000.00) with interest thereon, according to the terms and provisions of a promissory note of even date, made by Borrower in favor of Lender (including any and all modifications, extensions, renewals and replacements thereof, the "**Note**");

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

1.2.3 Payment of all other sums that are or that may become owing under the Loan Documents (defined below), or which may be advanced by Lender pursuant to the Loan Documents;

1.2.4 The performance of all other covenants, agreements and obligations of Borrower contained in the Loan Documents; and

1.2.5 Payment and performance of any future obligations of Borrower or any other party to Lender if the documentation evidencing such future obligation expressly provides that it is secured by this Deed of Trust.

For purposes of this Deed of Trust, the term "**Loan Documents**" means the Term Loan Agreement of even date herewith between Borrower and Lender governing the Loan (the "**Loan Agreement**"), the Note, this Deed of Trust, and all related documents and instruments (except for the Guaranty executed by Guarantors and the Indemnity Agreement (the "**Indemnity Agreement**") made by Borrower and Guarantor for the benefit of Lender concurrently herewith), and any and all modifications, extensions, renewals and replacements thereof.

2. TITLE AND USE.

2.1 Warranty of Title. Borrower covenants and agrees that: (i) Borrower is lawfully seized of the estate hereby conveyed and has full right and power to grant, convey and assign the Property, (ii) the Property is free from liens, encumbrances, exceptions and other charges of any kind whatsoever, except for the exceptions listed in Lender's title insurance policy insuring this Deed of Trust or exceptions

otherwise approved in writing by Lender ("**Permitted Encumbrances**"), (iii) no other liens or encumbrances, whether superior or inferior to this Deed of Trust, shall be created or suffered to be created by Borrower without the prior written consent of Lender, (iv) no default on the part of Borrower or any other person exists under any of the Permitted Encumbrances and all of the Permitted Encumbrances are in full force and effect and in good standing, without modification, (v) complete and current copies of the Permitted Encumbrances have been furnished to Lender, and none of them have been or will be modified by Borrower without Lender's prior written consent, (vi) Borrower shall fully comply with all the terms of the Permitted Encumbrances and shall deliver to Lender a copy of all notices delivered in connection with the Permitted Encumbrances, (vii) Lender has the right to contact the other parties to the Permitted Encumbrances to confirm the status thereof, and Borrower from time to time shall, at the request of Lender, request of such parties a certificate confirming such information regarding the Permitted Encumbrances as Lender may request, and (viii) Borrower shall warrant and defend the Property unto Lender against all claims and demands of any other person whatsoever, subject only to non-delinquent taxes and assessments and the Permitted Encumbrances.

2.2 Non-Agricultural Use. Borrower represents and warrants to Lender that the Property is not used principally for agricultural purposes.

3. BORROWER'S COVENANTS.

3.1 Payment and Performance of Secured Obligations. Borrower shall pay when due all sums that are now or that may become owing under the Note, and shall pay and perform all other Secured Obligations in accordance with their terms.

3.2 Payment of Taxes, Utilities, Liens and Charges.

3.2.1 Taxes and Assessments. Except as the same may otherwise be paid under Section 4, Borrower shall pay when due, directly to the payee thereof, all taxes and assessments (including, without limitation, non-governmental levies or assessments such as maintenance charges, owner association dues or charges, or fees, levies or charges resulting from covenants, conditions or restrictions) levied, assessed or charged against or with respect to the Property or this Deed of Trust. Upon request, Borrower shall promptly furnish to Lender all notices of amounts due under this subsection 3.2.1 and all receipts evidencing such payments.

3.2.2 Utilities. Borrower shall pay, or cause to be paid, when due, all utility charges and assessments for services furnished to the Property.

3.2.3 Labor and Materials. Borrower shall pay when due the claims of all persons supplying labor or materials to or in connection with the Property.

3.2.4 Liens and Charges. Borrower shall promptly discharge any lien, encumbrance, or other charge, whether superior or inferior to this Deed of Trust, that may be claimed against the Property.

3.2.5 Taxes, Assessments and Other Charges Imposed on Lender. If, at any time after the date of this Deed of Trust, any law is enacted or changed (including any interpretation thereof) that subjects Lender to any tax, assessment, or other charge that is currently inapplicable to Lender or to any increase in any tax (except federal, state or local income taxes), assessments, or other charge, in any form measured by or based on any portion of the indebtedness secured by this Deed of Trust, Borrower shall pay such new or increased amount to Lender on demand.

3.2.6 Right to Contest. Notwithstanding anything set forth in this Section 3.2, so long as no Event of Default has occurred hereunder, Borrower shall have the right to contest the amount or validity in whole or in part of any lien, encumbrance or other charge against the Property by appropriate administrative or judicial proceedings conducted in good faith and with due diligence, in which event Borrower, upon written notice to Lender, may defer payment of any such lien, encumbrance or other charge, so long as (i) Borrower has provided Lender with evidence satisfactory to Lender that such proceedings will operate to prevent the sale of the Property or any portion thereof, or the imposition of any penalties on Borrower or the Property; (ii) neither the Property nor any part thereof will, by reason of such postponement or deferment, be in danger of being forfeited or lost; (iii) before the date such lien, encumbrance or other charge becomes delinquent, Borrower shall provide Lender with such security as Lender may require to insure payment thereof and prevent any forfeiture or loss of the Property or any part thereof; and (iv) on a final determination of such contest, which is not appealable or is not being appealed, Borrower shall pay the amount of the lien, encumbrance or other charge if and when due, and prior to the imposition of any penalties or delinquent interest.

3.3 Insurance.

3.3.1 Coverages Required. Borrower shall keep in effect the insurance policies required by the Loan Agreement.

3.3.2 Application of Insurance Proceeds. In the event of any loss, Borrower shall give prompt written notice thereof to the insurance carrier and Lender. Borrower hereby authorizes Lender as Borrower's attorney-in-fact to make proof of loss, to adjust and compromise any claim, to commence, appear in and prosecute, in Lender's or Borrower's name, any action relating to any claim, and to collect and receive insurance proceeds; *provided, however,* that Lender shall have no obligation to do so. Lender shall apply any insurance proceeds received by it hereunder first to the payment of the costs and expenses incurred in the collection of the proceeds and then, in its absolute discretion and without regard to the adequacy of its security, to:

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

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

Except to the extent that insurance proceeds are applied to payment of the Secured Obligations, nothing herein contained shall be deemed to excuse Borrower from restoring, repairing, or maintaining the Property as provided in Section 3.4, regardless of whether or not there are insurance proceeds available or whether any such proceeds are sufficient in amount.

3.3.3 Availability of Insurance Proceeds for Restoration. Notwithstanding Section 3.3.2 above, Lender shall make insurance proceeds available to Borrower to pay for costs associated with the repair or restoration of the Property, if all of the following conditions are satisfied:

- (a) There is no Event of Default or Potential Default;
- (b) Borrower has furnished to Lender and Lender shall have approved a detailed budget and cost breakdown for the restoration and rebuilding work, describing the nature and type of expenses and the cost thereof estimated by Borrower for such restoration and rebuilding work, including, without limitation, the cost of materials and supplies, architect's, engineer's and designer's fees, general contractor's fees, and the anticipated monthly disbursement schedule;
- (c) Lender has reviewed and approved the construction contract for the repair and restoration, and if required by Lender, Lender shall have received payment and performance bonds with dual obligee rider;
- (d) Lender has received evidence satisfactory to it that the insurance proceeds are adequate to restore the Property to its condition immediately prior to the casualty, and if the proceeds are insufficient, Lender shall have received from Borrower the amount of the deficiency for disbursement with the insurance proceeds;
- (e) Lender has received evidence satisfactory to it that Borrower has sufficient funds to pay all operating expenses, taxes, debt service and other carrying costs of the Property through the period of repair or restoration;
- (f) Borrower has furnished to Lender and Lender shall have approved plans and specifications for the restoration or rebuilding work, and written evidence satisfactory to it that the same has been approved by all governmental authorities having jurisdiction over the Property;
- (g) in Lender's judgment, the rebuilding and restoration work can be completed at least six (6) months prior to the maturity date of the Note, as such date may be extended in Lender's sole discretion;
- (h) in Lender's judgment, the Property will produce sufficient income and be of sufficient value to be adequate security for the Secured Obligations; and
- (i) Borrower has executed and delivered to Lender such additional security documents and instruments as Lender deems reasonably necessary to continue and perfect Lender's security interest in the Property.
- (j) Each disbursement of the insurance proceeds shall be made in accordance with Lender's then standard procedures for disbursement of construction loan proceeds.

3.3.4 Transfer of Title. If the Property is sold pursuant to Section 9 or if Lender otherwise acquires title to the Property, Lender shall have all of the right, title and interest of Borrower in and to any insurance policies and unearned premiums thereon and in and to the proceeds resulting from any damage to the Property prior to such sale or acquisition.

3.4 Preservation and Maintenance of Property; Right of Entry.

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

3.4.2 Alterations. None of the Improvements shall be structurally altered, removed or demolished, in whole or in part, without Lender's prior written consent, nor shall any fixture or personal property covered by this Deed of Trust be removed at any time without like consent unless actually replaced by an article of equal suitability that is owned by Borrower free and clear of any lien or security interest.

3.4.3 Right of Entry. Lender is hereby authorized to enter the Property, including the interior of any structures, at reasonable times and after reasonable notice (which, in the absence of exigent circumstances, shall mean not less than one (1) business day), for the purpose of inspecting the Property to determine Borrower's compliance with the Deed of Trust and the other Loan Documents.

3.5 Parking. If any part of the parking areas included within the Property is taken by condemnation, and before the parking areas are diminished for any other reason, Borrower shall take all actions as are necessary to provide parking facilities in kind, size and location to comply with all zoning and other regulations and all leases. Before making any contract for substitute parking facilities, Borrower shall furnish to Lender satisfactory assurance of completion thereof free of liens and in conformity with all zoning and other regulations. This Deed of Trust shall constitute a first lien on all such substitute parking facilities.

3.6 Use of Property. Borrower shall comply with all laws, ordinances, regulations and requirements of any governmental body, and all other covenants, conditions and restrictions applicable to the Property, and pay all fees and charges in connection therewith. Unless required by applicable law or unless Lender has otherwise agreed in writing, Borrower shall not allow changes in the use for which all or any part of the Property was intended at the time this Deed of Trust was executed. Borrower shall not initiate or acquiesce in a change in the zoning classification of the Property without Lender's prior written consent.

3.7 Condemnation. Borrower shall notify Lender promptly of any action or proceeding relating to any condemnation or other taking (including, without limitation, any change in the grade of the Property), whether direct or indirect, of the Property or part thereof or interest therein, and Borrower shall appear in and prosecute any such action or proceeding unless otherwise directed by Lender in writing. Borrower authorizes Lender, at Lender's option, as attorney-in-fact for Borrower, to commence, appear in and prosecute, in Lender's or Borrower's name, any action or proceeding relating to any such condemnation or other taking, and to settle or compromise any claim in connection with such condemnation or other taking. All awards, payments, damages, direct, consequential and otherwise, claims, and proceeds thereof, in connection with any such condemnation or other taking, or for conveyances in lieu of condemnation, are hereby assigned to Lender, and all proceeds of any such awards, payments, damages or claims shall be paid

to Lender. Lender shall apply any such proceeds in the manner and upon the terms and conditions set forth in Sections 3.3.2 and 3.3.3 above relating to the application of insurance proceeds.

3.8 Protection of Lender's Security. Borrower shall give notice to Lender of and shall appear in and defend any action or proceeding that may affect the Property, the interests of Lender or Trustee therein, or the rights or remedies of Lender or Trustee under the Loan Documents. If any such action or proceeding is commenced, or Borrower fails to perform any obligation under the Loan Documents, Lender or Trustee may, at their option, make any appearances, disburse any sums, make any entries upon the Property, and take any actions as may be necessary or desirable to (i) protect or enforce the security of this Deed of Trust, (ii) remedy Borrower's failure to perform its obligations under the Loan Documents (without waiving such default by Borrower), or (iii) otherwise protect Lender's or Trustee's interests. Borrower shall pay all losses, damages, fees, costs, and expenses incurred by Lender and Trustee in taking such actions, including, without limitation, reasonable attorneys' fees.

3.9 Reimbursement of Lender's and Trustee's Expenses. All amounts disbursed by Lender and Trustee pursuant to Section 3.8 or any other provision of this Deed of Trust, with interest thereon, shall be additional indebtedness of Borrower secured by this Deed of Trust. All such amounts shall be due and payable immediately and bear interest from the date of disbursement at the lesser of the default rate under the Note, or the maximum rate permitted by law.

3.10 Books and Records, Financial Statement. Borrower shall keep and maintain at Borrower's address stated above, or such other place as Lender may approve in writing, books of accounts and records adequate to reflect correctly the operation of the Property, and copies of all written contracts, leases and other instruments which affect the Property. Such books, records, contracts, leases and other instruments shall be subject to examination, inspection and copying at any reasonable time by Lender, upon prior notice of not less than one (1) business day.

4. RESERVES.

4.1 Deposits. Following an Event of Default (as defined in the Loan Agreement) or Borrower's failure to pay any taxes, assessments, or insurance premiums, when due, Lender may, at its sole election, require Borrower to establish reserves for the Property as set forth below. Following receipt of notice from Lender that Lender will begin requiring Borrower to establish reserves, Borrower shall deposit with Lender, at the time Borrower makes each monthly payment due under the Note, a sum, as estimated by Lender, equal to (i) the taxes and special assessments next due on the Property, and (ii) the premiums that will next become due on insurance policies as may be required under the Loan Agreement, less all sums already deposited therefor, divided by the number of months to elapse before two (2) months prior to the date when such taxes, special assessments and premiums will become delinquent. Lender may require Borrower to deposit with Lender, in advance, such other sums for other taxes, assessments, premiums, charges and impositions in connection with Borrower or the Property as Lender reasonably deems necessary to protect Lender's interests ("**Other Impositions**"). Such sums for Other Impositions shall be deposited in a lump sum or in periodic installments, at Lender's option. If required by Lender, Borrower shall promptly deliver to Lender all bills and notices with respect to any taxes, assessments, premiums and Other Impositions. Lender shall not be required to pay Borrower any interest, earnings or profits on any sums deposited with Lender. All sums deposited with Lender under this Section 4.1 are hereby pledged as security for the Secured Obligations.

4.2 Application of Deposits. All such deposited sums shall be held by Lender and applied in such order as Lender elects to pay such taxes, assessments, premiums and Other Impositions or,

upon any Event of Default, may be applied in whole or in part, to the Secured Obligations. The arrangement provided for in this Section 4 is solely for the added protection of Lender and entails no responsibility on Lender's part beyond the allowing of due credit, without interest, for the sums actually received by it. Upon any assignment of this Deed of Trust by Lender, any funds on hand shall be turned over to the assignee and any responsibility of Lender with respect thereto shall terminate. Each Transfer of the Property shall transfer automatically to the transferee all rights of Borrower with respect to any funds deposited hereunder. Upon payment in full of the Secured Obligations, Lender shall promptly refund to Borrower or the applicable transferee the remaining balance of any deposits then held by Lender.

4.3 Adjustments to Deposits. If the total deposits held by Lender exceeds the amount deemed necessary by Lender to provide for the payment of such taxes, assessments, premiums and Other Impositions, such excess shall, provided there is no Event of Default or Potential Default, be credited by Lender on the next due installment or installments of such deposits. If at any time the total deposits held by Lender are less than the amount deemed necessary by Lender to provide for the payment of such taxes, assessments, premiums and Other Impositions, Borrower shall promptly deposit the deficiency with Lender after receipt of written demand from Lender.

5. RESTRICTIONS ON TRANSFER OR ENCUMBRANCE.

The Loan Agreement contains certain restrictions on any transfer or encumbrance of the Property, any portion thereof or any interest therein, and on any direct or indirect transfer or encumbrance of direct or indirect ownership interests in Borrower. Those provisions are incorporated by this reference. The occurrence of any Transfer or attempted Transfer not permitted under the Loan Agreement shall be an immediate Event of Default whereupon the Secured Obligations shall be immediately due and payable in full without notice or demand from Lender.

6. UNIFORM COMMERCIAL CODE SECURITY AGREEMENT.

6.1 Grant to Lender. This Deed of Trust constitutes a security agreement pursuant to the Uniform Commercial Code with respect to (a) any of the Property that, under applicable law, is not real property or effectively made part of the real property by the provisions of this Deed of Trust; and (b) any and all other property now or hereafter described on any Uniform Commercial Code Financing Statement naming Borrower as Debtor and Lender as Secured Party and affecting property in any way connected with the use and enjoyment of the Property (which shall thereafter be included within the definition of "Property" for purposes of this Deed of Trust). Borrower hereby grants Lender a security interest in all property described in clauses (a) and (b) above as security for the Secured Obligations. Borrower and Lender agree, however, that neither the foregoing grant of a security interest nor the filing of any such financing statement shall be construed as limiting the parties' stated intention that everything used in connection with the production of income from the Property, or adapted for use therein, or which is described or reflected in this Deed of Trust, is and at all times shall be regarded as part of the Realty.

6.2 Lender's Rights and Remedies. Borrower hereby authorizes Lender to file one or more financing statements, continuation statements, financing statement amendments, and such other documents as Lender may from time to time require to perfect and continue the perfection of Lender's security interest in the Property. Borrower shall pay all fees and costs that Lender may incur in filing such documents in public offices and in obtaining such record searches as Lender may reasonably require. With respect to the property subject to the foregoing security interest, Lender shall have all the rights and remedies (i) of a secured party under the Uniform Commercial Code, (ii) provided herein, including, without limitation, the right

to cause such Property to be sold by Trustee under the power of sale granted by this Deed of Trust, and (iii) provided by law. In exercising its remedies, Lender may proceed against the items of real property and any items of personal property separately or together and in any order whatsoever, without in any way affecting the availability of Lender's remedies. Upon demand by Lender following an Event of Default hereunder, Borrower shall assemble any items of personal property and make them available to Lender at the Realty. Lender shall give Borrower at least ten (10) days' prior written notice of the time and place of any public sale or other disposition of such Property or of the time of or after which any private sale or any other intended disposition is to be made. Any person permitted by law to purchase at any such sale may do so. Such Property may be sold at any one or more public or private sales as permitted by applicable law.

7. ASSIGNMENT OF RENTS AND LEASES; LEASES OF PROPERTY; APPOINTMENT OF RECEIVER; LENDER IN POSSESSION.

7.1 Assignment of Rents and Leases. As part of the consideration for the Secured Obligations, Borrower hereby absolutely and unconditionally assigns and transfers to Lender all right, title and interest of Borrower in and to: (a) any and all present and future leases, subleases, and other agreements for the occupancy or use of all or any part of the Property, and any and all amendments, extensions, renewals and replacements thereof ("**Leases**"); (b) all cash or security deposits, letters of credit and letter of credit rights, advance rentals and deposits of a similar nature under the Leases; (c) any and all guarantees of tenants' or occupants' performances under any and all Leases; and (d) all rents, issues, profits and revenues ("**Rents**") now due or that may become due or to which Borrower may now or shall hereafter become entitled or may demand or claim (including Rents coming due during any redemption period), arising or issuing from or out of any and all Leases, including, without limitation, minimum, additional, percentage and deficiency rents and liquidated damages and all rights to and proceeds of rental loss or business interruption insurance.

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

7.3 Borrower's Representations and Warranties. Borrower hereby represents and warrants to Lender that Borrower has not executed and will not execute any other assignment of the Leases or Rents, that Borrower has not performed and will not perform any acts and has not executed, and will not execute, any instrument which would prevent Lender from exercising its rights under this Section 7, and that at the time of execution of this Deed of Trust there has been no anticipation or prepayment of any of the Rents of the Property for more than one (1) month prior to the due dates thereof. Borrower further represents and warrants to Lender that, except as disclosed to Lender prior to closing, all existing Leases are in good standing and there is no default thereunder, whether by Borrower or lessee, and that, to Borrower's knowledge, there is no event or condition which, with notice or the passage of time or both, would be a default thereunder. Borrower shall execute and deliver to Lender such further assignments of rents and leases of the Property as Lender may from time to time request.

7.4 Leases of the Property. Borrower shall comply with and observe Borrower's obligations as landlord under all Leases and will do all that is necessary to preserve all Leases in force and free from any right of counterclaim, defense or set off. At Lender's request, Borrower shall furnish Lender with executed copies of all Leases now existing or hereunder made and all Leases hereafter entered into will be on a form and in substance satisfactory to Lender, as provided in Section 7.1 above. All Leases will specifically provide that the tenant attorns to any person succeeding to the interest of Borrower upon any foreclosure of this Deed of Trust or conveyance in lieu thereof; such attornment shall be in such form as Lender may approve and shall provide that tenant shall not have the right of set off or defense to payment of rents for any event or act that occurred prior to such successor obtaining title to Borrower's interest except to the extent such event or act is continuing at the time such successor obtains such title. All tenants shall also agree to execute such further evidences of attornment as Lender may from time to time request. Without Lender's written consent, Borrower shall not (i) collect or accept payment of any Rents more than one (1) month prior to the due dates thereof; (ii) modify, surrender or terminate any Lease, except as otherwise permitted by the Loan Agreement; (iii) waive, discharge, release or modify the obligations of any tenant or other occupant of the Property under any Lease; or (iv) request or consent to the subordination of any Lease to any lien subordinate to this Deed of Trust.

7.5 Lender's Rights. Upon any Event of Default hereunder, Lender may, in person, by agent or by a court-appointed receiver, regardless of the adequacy of Lender's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof in the same manner and to the same extent as Borrower, including, without limitation, the execution, enforcement, cancellation and modification of Leases, the collection of all Rents of the Property, the removal and eviction of tenants and other occupants, the making of alterations and repairs to the Property, and the execution and termination of contracts providing for management or maintenance of the Property, all on such terms as are deemed best by Lender to protect the security of this Deed of Trust. From and after the occurrence of any such Event of Default, if any owner of the Property shall occupy the Property, or part thereof, such owner shall pay to Lender in advance on the first day of each month a reasonable rental for the space so occupied, and upon failure to do so Lender shall be entitled to remove such owner from the Property by any appropriate action or proceedings.

7.6 Appointment of Receiver. Following an Event of Default hereunder, Lender shall be entitled (regardless of the adequacy of Lender's security) to the appointment of a custodial receiver or general receiver with power of sale, and Borrower hereby irrevocably consents to the appointment of a custodial or general receiver for the Property or any portion thereof. The receiver shall have the usual powers and duties of receivers in like or similar cases, all the powers and duties of Lender set forth in this Deed of Trust or any of the other Loan Documents, and, in the case of a general receiver, a right to sell the

Property. Employment by Lender shall not disqualify a person from serving as receiver. To the fullest extent permitted by applicable law, the receiver may serve without bond and may be Lender or an employee of Lender. The receiver shall be entitled to receive a reasonable fee for all of its services rendered in connection with the receivership.

7.7 Letters of Credit. Borrower shall notify Lender in writing prior to becoming the beneficiary under any letter of credit supporting any of the Leases, or otherwise in connection with the Property, and will take all actions, and execute all documents, necessary or appropriate to give Lender control (as defined in the Uniform Commercial Code) of such letter of credit and all letter of credit rights thereunder and, if so required by Lender, to deliver the letter of credit to Lender or constitute Lender the transferee beneficiary of such letter of credit.

7.8 Application of Rents. All Rents collected subsequent to delivery of written notice by Lender to Borrower of an Event of Default hereunder shall be applied first to the costs, if any, of taking control of and managing the Property and collecting the Rents, including, without limitation, attorneys' fees, receiver's fees, premiums on receiver's bonds, costs of maintenance and repairs to the Property, premiums on insurance policies, taxes, assessments and other charges on the Property, and the costs of discharging any obligation or liability of Borrower under the Leases, and then to the Secured Obligations. Lender or the receiver shall be liable to account only for those Rents actually received. Lender shall not be liable to Borrower, anyone claiming under or through Borrower, or anyone having an interest in the Property by reason of any act or omission of Lender or the receiver.

7.9 Deficiencies. To the extent, if any, that the costs of taking control of and managing the Property, collecting the Rents, and discharging obligations and liabilities of Borrower under the Leases, exceed the Rents of the Property, the excess sums expended for such purposes shall be indebtedness secured by this Deed of Trust. Such excess sums shall be payable upon demand by Lender and shall bear interest from the date of disbursement at the greater of the default rate under the Note, or the maximum rate permitted by law.

7.10 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.

7.11 Lender Not Responsible. Under no circumstances shall Lender have any duty to produce Rents from the Property. Regardless of whether or not Lender, in person or by agent, takes actual possession of the Property, Lender is not and shall not be (i) responsible for performing any of the obligations of the lessor under any Lease; (ii) responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair or control of the Property; or (iii) liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it, except for such matters as may arise solely from the willful misconduct or gross negligence of Lender.

7.12 Enforcement. Lender may enforce this assignment without first resorting to or exhausting any security or collateral for the Secured Obligations. Notwithstanding the characterization of this assignment as an absolute assignment, the assignment of rents hereunder shall be perfected by recording of this Deed of Trust, and Lender shall have all rights of a holder of a security assignment of rents under applicable law, including, without limitation, RCW 7.28.230.

8. EVENTS OF DEFAULT.

8.1 Events of Default. The occurrence of any one or more of the following shall constitute an Event of Default hereunder:

8.1.1 Failure to make any payment when due under the Note, this Deed of Trust, the Loan Agreement or any other Loan Documents or the Indemnity Agreement and such failure is not cured within sixteen (16) days after the due date of such payment, except that no grace period shall apply to payments due on maturity of the Note; or

8.1.2 The occurrence of any Event of Default under the Loan Documents.

8.2 Acceleration upon Default; Additional Remedies. Upon any Event of Default, Lender may, at its option and without notice to or demand upon Borrower, exercise any one or more of the following actions: (a) declare all the Secured Obligations immediately due and payable; (b) bring a court action to enforce the provisions of this Deed of Trust or any of the other Loan Documents; (c) foreclose this Deed of Trust as a mortgage; (d) cause any or all of the Property to be sold under the power of sale granted by this Deed of Trust in any manner permitted by applicable law; (e) elect to exercise its rights with respect to the Leases and the Rents; (f) exercise any or all of the other rights and remedies under this Deed of Trust and the other Loan Documents; and/or (g) exercise any other right or remedy available under law or in equity. To the extent permitted by law, every right and remedy provided in this Deed of Trust or afforded by law or equity or any other agreement between Lender and Borrower, may be exercised concurrently, independently or successively, in any order whatsoever. Lender may exercise any of its rights and remedies at its option without regard to the adequacy of its security.

8.3 Exercise of Power of Sale. For any sale under the power of sale granted by this Deed of Trust, Lender or Trustee shall record and give all notices required by law and then, upon the expiration of such time as is required by law, Trustee may sell the Property upon any terms and conditions specified by Lender and permitted by applicable law. Trustee may postpone any sale by public announcement at the time and place notified for the sale. If the Property includes several lots or parcels, Lender in its discretion may designate their order of sale or may elect to sell all of them as an entirety. The Property, real, personal and mixed, may be sold in one parcel. To the extent any of the Property sold by the Trustee is personal property, Trustee shall be acting as the agent of Lender in selling such Property. Any person permitted by law to purchase at any sale may do so. Upon any sale, Trustee will execute and deliver to the purchaser or purchasers a deed or deeds conveying the Property sold, but without any covenant or warranty, express or implied, and the recitals in the Trustee's deed showing that the sale was conducted in compliance with all the requirements of law shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value.

8.4 Application of Sale Proceeds. The proceeds of any sale under this Deed of Trust shall be applied in the following manner: (a) first to the payment of the costs and expenses of the sale; including, without limitation, Trustee's fees, legal fees and disbursements, title charges and transfer taxes, and payment of all expenses, liabilities and advances of Trustee, together with interest on all advances made by Trustee from the date of disbursement at the applicable interest rate under the Note; (b) second to the payment of all sums expended by Lender under the terms of this Deed of Trust and not yet repaid, together with interest on such sums from date of disbursement at the applicable interest rate under the Note; and (c) third to the payment of all other Secured Obligations in any order that Lender chooses; and (d) the remainder, if any, to the person or persons legally entitled to it.

8.5 Waiver of Order of Sale and Marshalling. Lender shall have the right to determine the order in which any or all portions of the secured indebtedness are satisfied from the proceeds realized upon the exercise of any remedies provided herein. Borrower, any party who consents to this Deed of Trust, and any party who now or hereafter acquires a security interest in the Property and who has actual or constructive notice hereof, hereby waives any and all right to require marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein, or to direct the order in which any of the Property will be sold in the event of any sale under this Deed of Trust. To the extent allowed by law, Borrower waives (i) the benefit of all laws now existing or that may hereafter be enacted providing for any appraisal before sale of any portion of the Property, (ii) all rights of valuation, appraisal, stay of execution, reinstatement and redemption laws in the event of foreclosure of the liens hereby created, (iii) all rights and remedies that Borrower may have or be able to assert by reason of the laws of the State where the Property is located pertaining to the rights and remedies of sureties, and (iv) the right to assert any statute of limitations as a bar to the enforcement of the lien of this Deed of Trust or to any action brought to enforce the Note or any other obligation secured by this Deed of Trust.

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

8.7 Determination of Fair Value. To the extent applicable law requires that the "fair market value" or "fair value" of the Property be determined as of the foreclosure date in order to enforce a deficiency against Borrower or any other party liable for repayment of the Secured Obligations, the term "fair market value" or "fair value" shall include those matters required by law and the additional factors set forth below:

8.7.1 The Property shall be valued "as is" and "with all faults" and there shall be no assumption of restoration or refurbishment of Improvements, if any, after the date of the foreclosure.

8.7.2 An offset to the fair market value or fair value of the Property, as determined hereunder, shall be made by deducting from such value the reasonable estimated closing costs related to the sale of the Property, including, without limitation, brokerage commissions, title policy expenses, tax pro-rations, escrow fees, and other common charges that are incurred by the seller of real property.

Borrower shall pay the costs of any appraisals and other expenses incurred in connection with any such determination of fair market value or fair value.

8.8 Expenses during Redemption Period. If this Deed of Trust is foreclosed as a mortgage and the Property sold at a foreclosure sale, the purchaser may during any redemption period allowed, make such repairs or alterations to the Property as may be reasonably necessary for the proper operation, care, preservation, protection and insuring thereof. Any sums so paid together with interest thereon from the time of such expenditure at the greater of the default rate under the Note, or the maximum rate permitted by law, shall be added to and become a part of the amount required to be paid for redemption from such sale.

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

8.10 Early Payment Following Default. If any Event of Default has occurred prior to the Maturity Date (as defined in the Note), any tender of payment of the indebtedness secured hereby at any time prior to or at a judicial or non-judicial foreclosure sale of the Property by Borrower, or anyone on behalf of Borrower, shall include any applicable prepayment premiums due under the Note and all amounts due and owing under any swap agreement or other financial contract as a result of such prepayment.

8.11 Lender's and Trustee's Expenses. Borrower shall pay all of Lender's and Trustee's expenses incurred in any efforts to enforce any terms of this Deed of Trust or to protect Lender's security interest hereunder, whether or not any suit is filed, including, without limitation, legal fees and disbursements, foreclosure costs and title charges. All such sums, with interest thereon, shall be additional indebtedness of Borrower secured by this Deed of Trust. Such sums shall be immediately due and payable and shall bear interest from the date of disbursement at the greater of the default rate under the Note, or the maximum rate permitted by law.

9. GENERAL.

9.1 No Offset. The obligations of Borrower to timely pay and perform all obligations under the Note, this Deed of Trust, and the other Loan Documents shall be absolute and unconditional and shall not be affected by any event or circumstance, including, without limitation, any setoff, counterclaim, abatement, suspension, recoupment, deduction, defense or any other right that Borrower or any guarantor may have or claim against Lender or any other Person.

9.2 Application of Payments. Except as applicable law or this Deed of Trust may otherwise provide, all payments received by Lender under the Note or this Deed of Trust shall be applied by Lender in the following order of priority: (a) Lender's and Trustee's expenses incurred in any efforts to enforce any terms of this Deed of Trust; (b) interest payable on advances made to protect the security of this Deed of Trust; (c) principal of such advances; (d) amounts payable to Lender by Borrower under Section 4 for any reserves required by Lender pursuant to Section 4 of this Deed of Trust; (e) interest and late charges payable on the Note; (f) principal of the Note; and (g) any other Secured Obligations in such order as Lender, at its option, may determine; *provided, however*, that Lender may, at its option, apply any such payments received to interest on or principal of the Note prior to applying such payments to interest on and principal of advances made to protect the security of this Deed of Trust.

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

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

9.5 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 indebtedness secured hereby or any part thereof, reduce payment thereon, release anyone liable on any of the indebtedness secured hereby, accept a renewal note or notes therefor, modify the terms and time of payment of the indebtedness, release the lien of this Deed of Trust on any part of the Property, take or release other or additional security, release or reconvey or cause to be released or reconveyed all or any part of the Property, or consent and/or cause Trustee to consent to the making of any map or plat of the Property, consent or cause Trustee to consent to the granting of any easement or creating any restriction on the Property, or join or cause Trustee to join in any subordination or other agreement affecting this Deed of Trust or the lien or charge hereof. 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.

9.6 Subrogation. Lender shall be subrogated to the liens of all encumbrances, whether released of record or not, that are discharged in whole or in part by the proceeds of the Note.

9.7 Limitation on Interest and Charges. The interest, fees and charges under the Loan Documents shall not exceed the maximum amounts permitted by any applicable law. If any such interest, fee or charge exceeds the maximum, such excess sums shall be construed as having been immediately applied by Lender to the principal balance of the Note when received.

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

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

9.10 Forbearance by Lender Not a Waiver. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy, and no waiver by Lender of any particular default shall constitute a waiver of any other default or of any similar default in the future. Without limiting the generality of the foregoing, the acceptance by Lender of payment of any sum secured by this Deed of trust after the due date thereof shall not be a waiver of Lender's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Deed of Trust, nor shall Lender's receipt of any awards, proceeds or damages under Sections 3.3 or 3.7 hereof operate to cure or waive any default in payment of sums secured by this Deed of Trust.

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

9.12 Notice. Any notice to Borrower under this Deed of Trust shall be to the address noted above or such other address as may be designated by Borrower in writing so long as such notice is given in accordance with the notice provisions in the Loan Agreement.

9.13 Certain Obligations Unsecured. Notwithstanding anything to the contrary set forth herein or any of the Loan Documents, this Deed of Trust shall not secure the following obligations (the "**Unsecured Obligations**"): (a) any obligations evidenced by or arising under the Indemnity or the Guaranty, and (b) any other obligations in this Deed of Trust or in any of the other Loan Documents to the extent that such other obligations that are the same or have the same effect as any of the obligations evidenced by or arising under the Indemnity. Any breach or default with respect to the Unsecured Obligations shall constitute an Event of Default hereunder, notwithstanding the fact that such Unsecured Obligations are not secured by this Deed of Trust. Nothing in this Section shall, in itself, impair or limit Lender's right to obtain a judgment in accordance with applicable law after foreclosure for any deficiency in recovery of all obligations that are secured by this Deed of Trust following foreclosure.

9.14 Governing Law; Severability; Captions. This Deed of Trust shall be governed by the laws of the State of Washington, without regard to that state's choice of law rules. If any provision or clause of this Deed of Trust conflicts with applicable law, such conflicts shall not affect other provisions or clauses hereof that can be given effect without the conflicting provision, and to this end the provisions hereof are declared to be severable. The captions and headings of the paragraphs and articles of this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

9.15 WAIVER OF TRIAL BY JURY. BORROWER AND LENDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THAT THEY MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION ARISING IN ANY WAY IN CONNECTION WITH THIS DEED OF TRUST, THE NOTE, OR ANY OF THE OTHER LOAN DOCUMENTS, THE LOAN OR ANY OTHER STATEMENTS OR ACTIONS OF BORROWER OR LENDER. BORROWER ACKNOWLEDGES THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS DEED OF TRUST AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS DISCUSSED THIS WAIVER WITH SUCH LEGAL COUNSEL. BORROWER FURTHER ACKNOWLEDGES THAT (i) IT HAS READ AND UNDERSTANDS THE MEANING AND RAMIFICATIONS OF THIS WAIVER, (ii) THIS WAIVER IS A MATERIAL INDUCEMENT FOR LENDER TO MAKE THE LOAN, ENTER INTO THIS DEED OF TRUST AND EACH OF THE OTHER LOAN DOCUMENTS, AND (iii) THIS WAIVER SHALL BE EFFECTIVE AS TO EACH OF SUCH OTHER LOAN DOCUMENTS AS IF FULLY INCORPORATED THEREIN.

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

9.17 Successors and Assigns; Joint and Several Liability; Agents. This Deed of Trust shall bind and inure to the benefit of the parties hereto and their respective heirs, devisees, legatees,

administrators, executors, successors and assigns, subject to the provisions of Section 5 hereof. In exercising any rights hereunder or taking actions provided for herein, Lender and Trustee may act through their respective employees, agents or independent contractors as authorized by Lender and Trustee.

9.18 Time. Time is of the essence in connection with all obligations of Borrower herein.

9.19 Estoppel Certificate. Borrower shall, within ten days of a written request from Lender and at no charge to Lender, furnish Lender or any other party designated by Lender with a written statement, duly acknowledged, setting forth the sums secured hereby and any right of set-off, counterclaim or other defense that may exist with regard to the Secured Obligations.

9.20 Further Assurances; Clerical Errors. Borrower agrees to execute and acknowledge such additional documents as may be necessary or desirable in order to carry out the intent and purpose of this Deed of Trust and the other Loan Documents, to confirm or establish the lien hereof, or to correct any clerical errors or legal deficiencies. Without limiting the foregoing, Borrower agrees to execute a replacement Note in the event the Note is lost or destroyed and to execute an amended and restated substitute Note to correct any clerical or other errors that may be discovered in the original Note. Failure of Borrower to comply with any request by Lender pursuant to this Section within ten (10) days after written request by Lender shall constitute an Event of Default.

NO ORAL AGREEMENTS

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

[Remainder of page intentionally left blank; signatures appear on the following page]

DATED as of the day and year first written above.

GRANTOR/BORROWER:

MOUNT VERNON RV PARK, LLC,
a Washington limited liability company

By Douglas J. Barnet
Douglas J. Barnet
Manager

By Kimberly J. Barnet
Kimberly J. Barnet
Manager

State UBI No. 602545772

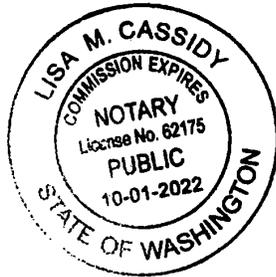
STATE OF WASHINGTON

COUNTY OF SKAGIT

} ss.

I certify that I know or have satisfactory evidence that Douglas J. Barnet is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a Manager of Mount Vernon RV Park, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 15th day of April, 2020.



Lisa M. Cassidy
Printed Name Lisa Cassidy
NOTARY PUBLIC in and for the State of WA
My Commission Expires 10-1-2022

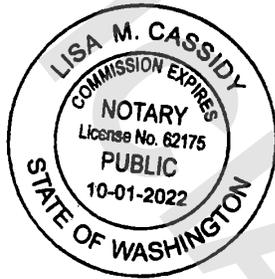
STATE OF WASHINGTON

COUNTY OF SKAGIT

} ss.

I certify that I know or have satisfactory evidence that Kimberly J. Barnet is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as a Manager of Mount Vernon RV Park, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 15th day of April, 2020.



Lisa M Cassidy
Printed Name Lisa M Cassidy
NOTARY PUBLIC in and for the State of WA
My Commission Expires 10-01-2022

EXHIBIT A

LEGAL DESCRIPTION OF THE REALTY

PARCEL "A":

The West ½ of the Northwest ¼ of the Southeast ¼ of the Northwest ¼ of Section 19, Township 34 North, Range 4 East, W.M., EXCEPT the South 20 feet thereof reserved for road purposes by deed dated October 4, 1906 and recorded January 27, 1907, under Auditor's File No. 60481, in Volume 69 of Deeds, page 55, records of Skagit County, Washington, AND ALSO EXCEPT that portion thereof lying within the boundaries of the Memorial Highway.

EXCEPT from all of the above, that portion thereof, lying Easterly of an existing North/South fence line running along the approximate East line of the West ½ of the West ½ of the Southeast ¼ of the Northwest ¼ of said Section, as said fence line existed on October 21, 1957, and as said fence line is set forth and referred to in documents recorded under Auditor's File Nos. 560230 and 563332, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.

PARCEL "B":

A non-exclusive easement for ingress, egress and utilities over and across that portion of the East 30 feet of Government Lot 2 of Section 19, Township 34 North, Range 4 East, W.M., lying Northerly of Memorial Highway (State Highway No. 536) and Southerly of a line 145.88 feet South of and parallel to the North line of said subdivision.

Situate in the County of Skagit, State of Washington.

PARCEL "C":

A non-exclusive easement for ingress and egress over and across the West 30 feet of that portion of the West ½ of the Southwest ¼ of the Southeast ¼ of the Northwest ¼ of said Section 19, lying Northerly of Memorial Highway.

Situate in the County of Skagit, State of Washington.

PARCEL "D":

That portion of the West ½ of the Southwest ¼ of the Northeast ¼ of the Northwest ¼ of Section 19, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at the Southwest corner of said subdivision; thence North 89°14'45" East along the South line of said subdivision, a distance of 335.67 feet to the point of intersection with the centerline of an existing North and South fence line, and which point is the Southeast corner of said subdivision; thence North 0°36'00" East along said centerline of said North and South fence line, a distance of 3.10 feet to the point of intersection with the centerline of an existing East and West fence line;

thence South 89°34'15" West along said centerline of said East and West fence line, a distance of 335.61 feet to a point on the West line of said subdivision;
thence South 0°52'35" West along the West line of said subdivision, a distance of 5.00 feet to the point of beginning.

Situate in the County of Skagit, State of Washington.

PARCEL "E":

That portion of the West ½ of the Northwest ¼ of the Southeast ¼ of the Northwest ¼ of Section 19, Township 34 North, Range 4 East, W.M., lying Westerly of a North/South fence line running along the approximate East line of said West ½ of the West ½ of the Southeast ¼ of the Northwest ¼ of said Section, as referred to in document recorded January 2, 1958, under Auditor's File No. 560230, records of Skagit County, Washington, and document recorded May 26, 1958, under Auditor's File No. 563332, records of Skagit County, Washington, and as said fence line existed on said date and lying East of the East line of the above described main tract herein.

Situate in the County of Skagit, State of Washington.

PARCEL "F":

That portion of the Northwest ¼ of the Southeast ¼ of the Northwest ¼ of Section 19, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at the intersection of the South line of the Northwest ¼ of the Southeast ¼ of the Northwest ¼ of said Section and an existing fence running North and South located approximately along the West line of the East ½ of the said Northwest ¼ of the Southwest ¼ of the Northwest ¼; thence East along said South line 152 feet, more or less, to the point of intersection with the East side of another fence running North and South, or the projection South thereof;
thence North along the last named East side of said fence and/or the South and North projection thereof a distance of 286.58 feet, more or less, to another fence running East and West, or the East extension thereof;
thence West along said East and West fence and/or the East extension thereof, 152 feet, more or less, to the existing fence heretofore described as running North and South and located approximately along the West line of the East ½ of the Northwest ¼ of the Southeast ¼ of the Northwest ¼ of said Section;
thence South along said fence line 286.58 feet, more or less, to the point of beginning.

Situate in the County of Skagit, State of Washington.

PARCEL "G":

An easement for road purposes over the South 20 feet of the East ½ of the Northwest ¼ of the Southeast ¼ of the Northwest ¼ of said Section 19, EXCEPT the West 152 feet thereof.

Situate in the County of Skagit, State of Washington.