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Skagit County Auditor

When Recorded Return To:

CIT Bank, N.A.
3580 Carmel Mountain Road, Suite 160
San Diego, CA 92130

CHICAGO TITLE
620040746

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

Trustor / Grantor / Borrower: PORTER'S REAL ESTATE 1, LLC,
an Oregon limited liability company

Grantee / Beneficiary: CIT BANK, N.A., Beneficiary
CHICAGO TITLE COMPANY OF WASHINGTON,
a Washington corporation, Trustee

Legal Description Abbreviated: Lot(s): PTN LOTS 1-5 Block: BLK 9 ANACORTES AND PTN
LOTS 1-3, BLK 2, HENSLERS FIRST ADD

Tax Account No.: P57222, P57223, P57313, 3788-009-003-0000, 3788-009-005-0008
and 3794-002-003-0007

Reference No. of Documents Released or Assigned: 2012-04160078; 2012-04160079; 2012-04170105;
2017-03240062

**NOTICE: THIS DEED OF TRUST SECURES A PROMISSORY NOTE THAT PROVIDES FOR A
VARIABLE INTEREST RATE BASED UPON CHANGES IN THE LONDON INTERBANK OFFERED
RATE (LIBOR), ALL AS MORE FULLY DESCRIBED IN THE PROMISSORY NOTE DESCRIBED
BELOW.**

**THIS DEED OF TRUST ALSO CONSTITUTES A FIXTURE FILING UNDER SECTION 9502 AND 9515
OF THE CALIFORNIA COMMERCIAL CODE.**

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, Trustor agrees and covenants as follows.

GRANT, WARRANTY, AND SECURED OBLIGATIONS

1. **Grant in Trust.** Porter's Real Estate 1, LLC, an Oregon limited liability company, as grantor, whose address is 2780 Gateway Rd, Carlsbad, CA 92009 ("**Trustor**"), irrevocably grants, conveys, and transfers to Chicago Title Company of Washington, a Washington corporation, whose address is 701 Fifth Avenue, Suite 2701, Seattle, Washington ("**Trustee**"), its successors and assigns, in trust, pursuant to this Deed of Trust and Assignment of Rents and Security Agreement and Fixture Filing ("**Deed of Trust**") and applicable law, with power of sale and right of entry and possession, for the benefit of CIT Bank, N.A., whose address is 3580 Carmel Mountain Road, Suite 160, San Diego, CA 92130, as beneficiary ("**Beneficiary**"), all of Trustor's right, title, and interest in and to that real property ("**Premises**") situated in the County of Skagit, State of Washington, more particularly described on Exhibit "A" attached and, by this reference, incorporated in this Deed of Trust. The Premises are conveyed by Trustor in trust together with all present and future tenements, hereditaments, rights, rights-of-way, easements, privileges, licenses, benefits, and appurtenances that belong to the Premises or in any way pertain to the Premises (all as part of the premises conveyed), which will include, but are not limited to, all of Trustor's right, title, and interest in the following:

- (a) Oil, gas, soil, and/or mineral rights including, without limitation, any related royalties;
- (b) All buildings, improvements, fixtures, and equipment (whether or not annexed to the Premises) now or in the future located on, used in connection with, or intended to be used in connection with the Premises, including, without limiting the generality of the foregoing, all machinery, materials, appliances, and fixtures for generating or distributing air, water, heat, electricity, light, or fuel refrigeration, for ventilating, cooling, or sanitary purposes, for the exclusion of vermin or insects, and for the removal of dust, refuse, or garbage, all wall safes, engines, machinery, boilers, furnaces, oil burners, coolers, refrigeration plants, motors, cabinets, shelving, lockers, partitions, doors, vaults, elevators, sprinkling systems, irrigating systems, awnings, window shades, shutters, venetian blinds, light fixtures, fire hoses, fire brackets, fire boxes, fire sprinklers, alarm systems, drapery rods, brackets, screens, floor tile, linoleum, carpets, plumbing, water systems, power systems, incinerators, communication systems, appliances, built-in furniture, gasoline fueling service stations and equipment, , and all other installations and equipment on the Premises (and all substitutions and replacements for all of the foregoing) (except as limited below, all of the items described in this subsection are declared to be part of the real property and are called collectively the "**Improvements**");
- (c) All water and water rights (whether riparian, appropriative, or otherwise and whether or not appurtenant to the Premises) which now relate to or in the future may relate to or be used in connection with the Premises, including, all certificated water rights, grandfathered water rights, irrigation rights, shares of stock or membership rights in Salt River Project or other applicable irrigation district, effluent contracts, and other contractual or appurtenant water rights;
- (d) All deposit accounts and similar collateral accounts created by Trustor with Beneficiary under the Loan Documents (as defined below);
- (e) All privileges and other rights that are now or in the future may become appurtenant to the Premises including, without limitation, all of Trustor's right, title, and interest in and to all streets, roads, easements, rights-of-way, and public places, whether opened or proposed or public or private;
- (f) Subject to the terms and conditions of Section 19 of this Deed of Trust, all rents, issues, lease payments, incomes, profits, revenues, cash proceeds, profits of real property, bonuses, rights, and benefits (collectively, the "**Rents**") from or under any and all existing and future leases, tenancies, or other

use and occupancy agreements (collectively, the “Leases”) created on all or any part of the Premises with the right to receive and apply the Rents to the Obligations;

(g) Subject to the terms and conditions of Section 21 of this Deed of Trust, all current and future judgments, awards of damages, and settlements made as a result of any Condemnation (as defined below) or made as a result of any damage (whether caused by a taking or otherwise) to the Premises or the Improvements or any part of or interest in the Premises, including any award for change of grade or width of streets;

(h) All right, title, and interest of Trustor in and to any insurance proceeds payable to Trustor with respect to all or any portion of the Premises, including, without limitation, the Trust Property (as defined below);

(i) All monetary deposits that Trustor has given to any public or private utility with respect to utility services furnished to the Premises;

(j) All funds, accounts, instruments, documents, general intangibles (including trademarks, trade names, and symbols) permits, licenses, franchises, certificates, and other rights and privileges obtained in connection with the Premises;

(k) All proceeds of the voluntary or involuntary conversion of any of the foregoing into cash or liquidated claims;

(l) All reversion and remainder interests arising out of ownership of the Trust Property;

(m) All present and future licenses, permits, approvals, and agreements from or with any governmental, quasi-governmental, or private entity relevant to the zoning, subdivision, development, construction, improvement, sale, lease, or other disposition of all or part of the Premises or Improvements;

(n) All present and future plans, specifications, drawings, surveys, appraisals, reports, and studies regarding the Premises;

(o) All management, maintenance, construction, purchase, sale, or service contracts related to the Premises or its operation;

(p) All present and future rights of Trustor under or with respect to any condominium declaration or declaration of covenants, conditions, and/or restrictions imposing rights or responsibilities on the Premises or its owner, including any development rights, declarant rights, or special declarant rights of Trustor under any condominium declaration or declaration of covenants, conditions, and/or restrictions;

(q) All rights of Trustor in and to any present or future contracts, agreements, guarantees, options, deposits, refunds, credits, retentions, surety bonds, or any other considerations which relate in any way to the ownership, development, use, improvement, leasing, sale, or other disposition of the Premises or Improvements; and

(r) Without limiting any of the foregoing, all present and future equipment, inventory, personal property, general intangibles, accounts, chattel papers, instruments, royalties, contract rights, and documents that directly or indirectly relate to or are used or intended for use with the Premises.

Notwithstanding the description of the Trust property above, if all or any part of the Premises is located from time to time in an area designated by Federal Emergency Management Agency (or successor agency) as a “*special flood hazard area*,” the term “Trust Property” (solely for purposes of interpretation of this Deed of Trust) will be limited to only those items specifically covered under a standard flood insurance policy issued under the National Flood Insurance Program (or equivalent private coverage that satisfies the provisions of the National Flood Insurance Act, as amended). This limitation only applies to the term “Trust Property” when used in this Deed of Trust, and this

definitional limitation in this Deed of Trust is not intended to limit or modify any collateral description contained in any separate security agreement or other collateral documents granting a security interest in personal property in favor of Beneficiary.

2. **Additional Grants.** Trustor also absolutely and irrevocably grants, assigns, transfers, and conveys to Beneficiary all rents, issues, profits, income, damages, royalties, revenues, and benefits now or in the future due and payable arising in connection with the Trust Property, together with the right to collect these items for the purposes and upon the terms and conditions set forth in this Deed of Trust. Trustor acknowledges that certain of the descriptions of items in Section 1 may be duplicative and redundant, but Trustor acknowledges that it is the agreement and intent of Trustor that the descriptions are to be construed as cumulative and not limiting.

3. **Warranty of Title.** All real, personal, intangible, and other property granted, conveyed, and transferred to Trustee under this Deed of Trust is referred to, collectively, as the **"Trust Property."** Trustor warrants that it has marketable fee simple title to the Premises, subject only to those non-standard exceptions set forth in the lender's policy of title insurance issued to Beneficiary in connection with the recordation of this Deed of Trust (**"Approved Title Exceptions"**); however, with respect to Taxes and Assessments (as defined below) that may arise on or after the date of recordation of this Deed of Trust, only those Taxes and Assessments that are not delinquent from time to time will constitute Approved Title Exceptions. Trustor warrants that its title to the Trust Property is and will remain lien free and unencumbered, except for this Deed of Trust and the Approved Title Exceptions. Trustor agrees to warrant and defend title to the Trust Property for the benefit of Beneficiary against all claims whatsoever, except the Approved Title Exceptions and those matters consented to in writing by Beneficiary. Trustor warrants that this Deed of Trust is and will remain a valid and enforceable first priority and senior lien on the Premises, subject only to the Approved Title Exceptions. Trustor agrees that any greater title to the Trust Property that Trustor may acquire during the term of this Deed of Trust will be subject to this Deed of Trust.

4. **Secured Obligations.** Trustor has executed and delivered this Deed of Trust for the purpose of securing the following obligations (collectively, the **"Obligations"**):

(a) Payment of the indebtedness evidenced by the Secured Promissory Note in the stated and original principal sum of \$9,999,999.00 U.S., with all loan amounts due and owing on or before June 1, 2027, respectively, executed by Trustor and delivered to Beneficiary concurrent with Trustor's execution of this Deed of Trust (called, inclusive of any renewals, extensions, substitutions, modifications, and amendments, the **"Note"**), together with all interest, late charges, prepayment fees, additional interest, collection costs, fees, and expenses as provided in the Note;

(b) Payment of all amounts specified in this Deed of Trust that Trustor has agreed to pay or is required to pay;

(c) Prompt and complete performance and observance of each and every covenant, obligation, or agreement of Trustor contained in this Deed of Trust or contained in any other document or instrument given by Trustor to further evidence or secure the indebtedness represented by the Note (**"Additional Documents"**), including the concurrently dated Loan Agreement (**"Loan Agreement"**) but excluding any separate environmental indemnity. Notwithstanding anything to the contrary in the Loan Documents, none of the obligations under or pursuant to any environmental indemnity agreement or guaranty of even date herewith shall be secured by the lien, security interest and conveyance of this Deed of Trust. The Note, Deed of Trust, and the Additional Documents are called, collectively but exclusive of any separate environmental indemnity, the **"Loan Documents."**

(d) Prompt and complete performance and observance of each and every covenant, obligation, or agreement of Trustor contained in all other Deeds of Trust entered into concurrently herewith and secured by property, respectively, located at 1347 N. Baker Street, McMinnville, OR 97128, 3828 NE Lake Washington Blvd., Kirkland, Washington, and 153 Easy Street, Wenatchee, Chelan County, Washington (collectively, with this Deed of Trust, the **"Deeds of Trust"**); and

(e) Payment of any additional sums (and accrued interest) that may be loaned or advanced by Beneficiary to Trustor under any promissory note or notes evidencing loans that specifically state that they are secured by this Deed of Trust.

This Deed of Trust secures all future advances as of amounts available for borrowing under the Note, to the fullest extent permitted under California Civil Code Section 2884. In addition to any other debt or obligation secured, this Deed of Trust also will secure unpaid balances of advances made with respect to the Trust Property for the payment of Taxes and Assessments, insurance premiums, or other protective advances or costs incurred for maintaining improvements on or for the protection of the Trust Property. The Obligations secured by this Deed of Trust are acknowledged to be an enforceable debt and obligation of Trustor under California Civil Code Section 2920. Each of Trustor's covenants in this Deed of Trust are intended to be in addition to, and not in lieu of, any other covenants of Trustor in any of the other Loan Documents, and in cases where the provisions are inconsistent or can be interpreted differently, the interpretation most restrictive as to Trustor shall apply.

TRUSTOR COVENANTS

5. **Taxes.** Trustor will pay before delinquent: (i) all taxes, general and special assessments, and improvement district assessments of every type or nature affecting the Trust Property (collectively called the "Taxes and Assessments"); (ii) all rents or charges payable under any lease affecting the Trust Property; (iii) all adverse claims, liens, charges, and encumbrances that now are or in the future may be or appear to be a lien on the Trust Property; (iv) all charges for water, water delivery, gas, electricity, sewer, waste removal, and other utility services; (v) all repair costs; and (vi) all assessments due on any water stock. Trustor's failure to pay any of the foregoing items before their delinquency will constitute a default under this Deed of Trust. If any Taxes and Assessments are not separately assessed to the Trust Property but include other property owned or not owned by Trustor, Trustor agrees that it will promptly apply for and complete the separation of the Trust Property from all other property for the purpose of all Taxes and Assessments. If Trustor does not promptly complete the separation of the tax parcels, Beneficiary may exercise all remedies available under this Deed of Trust including the right to advance all monies necessary to pay all or any portion of the Taxes and Assessments. All money so advanced will be secured by the lien of this Deed of Trust. Notwithstanding the foregoing, Trustor will have the right to bond over or otherwise protest, contest, or appeal the imposition of any of the matters described in subsections (i) through (vi) above, inclusive, so long as Trustor has provided adequate assurances to Beneficiary that the matters protested, contested, or appealed will not have a material and adverse impact on the value of the Trust Property and will not result in a lien superior to the lien of this Deed of Trust (but will be promptly paid if Trustor loses its protest, contest, or appeal).

6. **Insurance.**

(a) Trustor will carry continuously the insurance with regard to the Trust Property as is required by the terms of the Loan Documents. Trustor agrees to pay the premiums on all insurance, when due and prior to delinquency, and to furnish proof of the payment to Beneficiary not less than 30 days prior to the expiration date of the applicable insurance policy.

(b) If any loss or damage occurs to any portion of the Trust Property, Trustor will promptly give notice to Beneficiary, and Trustor will make proper proof of loss. If not made by Trustor, Beneficiary may make a proof of loss. Beneficiary may require that the payment for the loss be made directly to Beneficiary only and not jointly to Trustor and Beneficiary. Beneficiary may, at its option, apply the insurance proceeds to the reduction of the Obligations or may apply the insurance proceeds to the restoration or repair of the property damaged.

(c) Notwithstanding Section 6(b) of this Deed of Trust, upon the written request of Trustor, the insurance proceeds will be applied to the payment of repair and restoration of the loss or damage and will be paid out from time to time as the work progresses, but subject to the following additional conditions:

(i) In Beneficiary's sole judgment: (1) the available insurance proceeds must be sufficient to repair or restore the damaged property or Trustor, before commencement of work, must have deposited with Beneficiary funds which, together with any insurance proceeds, are sufficient to repair or restore the damaged property; (2) the contractor or contractors performing the repair work and their proposed repair budgets must be approved by Beneficiary; (3) the appraised value of the Trust Property, after completion of the repairs, must be sufficient so as to not exceed any loan-to-value, loan-to-cost, or other similar ratio established under the Loan Agreement as and when the loan was made; and (4) all necessary governmental approvals are obtained for the repairs and post-repair occupancy.

(ii) The work must be performed in accordance with plans and specifications identical to the original plans and specifications, unless changes are otherwise consented to in writing by Beneficiary, and, once complete, the Trust Property must be capable of a substantially similar use and character as prior to the damages;

(iii) Trustor will make periodic requests for payment in accordance with the terms of the Loan Documents and in form acceptable to Beneficiary;

(iv) There must not exist an Event of Default or event that with the giving of notice, the passage of time, or both, could become an Event of Default;

(v) The repairs or restoration must be capable of being completed before the earlier of the due date of the Note or the date established in the Loan Documents for completion of the improvements (however, if the loss or damage occurs within the last 90 days of the construction period established in the Loan Documents, then Trustor and Beneficiary will agree on a reasonable period of time to complete the repairs or restoration of no longer than 120 days); and

(vi) No application of the insurance proceeds from any applicable insurance policy towards a reduction of the Obligations will result in the application of any prepayment penalty or restriction.

7. **Repairs and Waste.** Trustor will keep the Trust Property in good condition and repair and will not commit or permit waste. Except for those construction activities permitted under the Loan Agreement, Trustor will not remove or demolish, or commence or continue any grading or construction of, or alter the design or structural character of, any Improvements comprising part of the Trust Property, without the prior written consent of Beneficiary (whose consent will be given or withheld at Beneficiary's sole discretion). Trustor will keep all Improvements comprising part of the Trust Property free of termites, dry rot, fungus, beetles, and all other harmful or destructive insects. Trustor will keep all plants, trees, and shrubs comprising part of the Trust Property neatly pruned and in good condition. Trustor will keep the Trust Property free of rubbish and other unsightly or unhealthful conditions and will not in any way change or restrict the use of the Trust Property without the prior written consent of Beneficiary, whose consent will be given or withheld in Beneficiary's sole discretion. Beneficiary and its agents and/or its employees may, at any time or from time to time, without notice to Trustor, and without liability to Trustor (or any person or entity claiming any rights through Trustor) for trespass, abuse of access, or otherwise, enter and inspect or protect the Trust Property in the manner and to the extent as Beneficiary may deem desirable in its sole discretion.

8. **Improvements.** Trustor will complete promptly any improvements that may be commenced in a good and workmanlike manner in conformity with plans and specifications approved by Beneficiary. Trustor, with reasonable diligence, will repair and restore any portions of the Trust Property that may be damaged or destroyed, whether or not any insurance proceeds are collected by reason of the damage or destruction. Trustor will pay when due all claims for work performed or materials furnished, or both, on or in connection with the Trust Property, and will pay, discharge, or cause to be removed, all mechanic's, artisan's, laborer's, or materialmen's charges, liens, claims of liens, or encumbrances upon the Trust Property. Prior to the commencement of any construction, grading, demolition, or other act or omission by Trustor that might give rise to any materialman's, mechanic's, or similar lien or security interest in or against the Trust Property, Trustor will deliver to Beneficiary (after Beneficiary's written request) all completion, construction, surety, or other bonds issued by a company acceptable to Beneficiary as

Beneficiary may elect or deem appropriate to fully ensure completion of the grading, construction, demolition, or other act, and to protect Beneficiary and the Trust Property against any liens.

9. **Defense.** Unless otherwise requested by Beneficiary in writing, Trustor will appear in and prosecute or defend any action or proceeding that may affect the priority of this Deed of Trust or the security of Beneficiary or the Trust Property, and Trustor will pay all reasonable costs, expenses (including, without limitation, the cost of searching title), and attorney fees incurred in the action or proceeding. Trustor will have the express right to contest in good faith the validity of any matter described in the preceding sentence so long as Trustor diligently contests the matter and so long as Trustor provides Beneficiary with commercially reasonable assurances that the priority of or the security provided by this Deed of Trust will not be limited or impaired by Trustor's actions. Beneficiary, at its option, may appear in and defend any action or proceeding purporting to affect the priority of this Deed of Trust or the Trust Property or the rights or powers of Beneficiary. Beneficiary, at its option, may pay, purchase, contest, or compromise any adverse claim, encumbrance, charge, or lien which, in the good faith judgment of Beneficiary, appears to be prior or superior to the lien of this Deed of Trust or which otherwise may affect this Deed of Trust or the Trust Property, without affecting any duty, obligation, or liability of Trustor under this Deed of Trust or under any other document or instrument given by Trustor to evidence or otherwise secure the indebtedness secured by this Deed of Trust, and without subjecting Beneficiary to any liability to Trustor on account of the payment, purchase, contest, or compromise. All amounts paid, suffered, or incurred by Beneficiary in exercising the authority granted in this Section (including, without limitation, attorney fees in a reasonable amount) will be considered protective advances immediately repayable by Trustor pursuant to Section 12 below.

10. **Compliance.** Trustor will comply with all laws, ordinances, regulations, covenants, conditions, and restrictions affecting the Trust Property and will not suffer or permit any act to be done in or upon the Trust Property in violation of the foregoing.

11. **Optional Performance by Beneficiary.** If Trustor fails to do so, Beneficiary, after the expiration of any applicable notice and cure period or grace period and without additional demand or notice, may do any or all things required of Trustor by any of the provisions of this Deed of Trust or any of the other Loan Documents and incur and pay expenses in connection with the performance (e.g., pay taxes, release liens, etc.). Beneficiary will be under no obligation to pay or perform any of Trustor's obligations under the prior sentence, and Beneficiary may undertake or not undertake any action as Beneficiary may consider necessary or advisable in Beneficiary's sole discretion. Additionally, Beneficiary may make any advances as it may deem necessary or desirable to perfect the lien or priority of this Deed of Trust or to otherwise protect the Trust Property or the interest of Trustor or Beneficiary in the Trust Property. All expenses or charges incurred by Beneficiary in the performance of any matters under this Section 11 will be considered to be payments and protective advances that are immediately repayable under Section 12 below.

12. **Protective Advances.** Trustor will pay to Trustee or Beneficiary, respectively, promptly and upon written demand, all sums of money that Beneficiary or Trustee may have advanced or paid pursuant to, or resulting from, any of the provisions of this Deed of Trust. All of these amounts must be paid with interest from the time of the advance or payment until paid at the applicable rate established in the Note (which may be a default rate of interest). This Deed of Trust shall place all third parties on notice that protective advances may have been made under this Deed of Trust and that appropriate inquiry should be made of Beneficiary as to the amount of any protective advances, all of which, to the fullest extent permitted by California law, will be considered future advances under California Civil Code Section 2884.

DEFAULT AND REMEDIES

13. **Default.** The occurrence and continuation of any of the following events will constitute a breach of and default under this Deed of Trust, and, after the expiration of any applicable grace period or notice and cure period, as established below, will constitute an "Event of Default" under this Deed of Trust.

(a) Failure to pay any regular installment of principal and/or interest due on any indebtedness secured by this Deed of Trust according to the terms of the indebtedness, after the expiration of any applicable grace period or notice and cure period (where payment in full is not made during the applicable period).

(b) Failure to pay any other sum payable under this Deed of Trust (including protective advances) within 10 days after written notice by Beneficiary to Trustor of the failure to pay, whether payable to Beneficiary or otherwise.

(c) Any failure or neglect of Trustor to perform or observe any non-monetary obligation, covenant, or agreement in this Deed of Trust that is reasonably capable of cure, if the failure or neglect continues to exist for 30 days following written notice to Trustor of the failure or neglect; however, if Beneficiary deems the failure or neglect to be of the nature that waiting for the expiration of the 30-day period would materially impair Beneficiary's security under this Deed of Trust, the failure or neglect will immediately constitute an Event of Default. Also, if the failure or neglect of performance is not reasonably capable of being cured within the 30-day period, the failure or neglect will not constitute an Event of Default if Trustor promptly commences remedial measures and diligently and continually proceeds with the remedial measures until the failure or neglect are completely cured, which, in any case, may not extend beyond 60 days following the initial written notice to the Trustor.

(d) Upon the abandonment of all or any part of the Trust Property.

(e) Upon the filing or threat of filing by Trustor of a petition under Title 11 of the United States Bankruptcy Code or any other national or state bankruptcy statute, that may now be in effect or that in the future may be amended or enacted.

(f) Upon the occurrence of any other breach or default under any of the other Loan Documents and the failure to cure the breach of default within any applicable grace period or notice and cure period.

(g) Upon any Prohibited Transfer or any Prohibited Encumbrance, as those terms are defined below, or any default under any Permitted Encumbrance (as defined below).

(h) Any default, after the expiration of any applicable grace period or notice and cure period, on any indebtedness of Trustor, as borrower, to Beneficiary, as lender, that, under the terms of the Loan Documents or any current or future cross-default and/or cross-collateralization agreement, is cross-defaulted to the Note.

(i) Trustor acknowledges and agrees that the Deeds of Trust are collateral for the entire loan balance, and the occurrence of an event of default under any of the Deeds of Trust or any of the Loan Documents will comprise a default under all of the Deeds of Trust and Loan Documents.

For purposes of interpretation of the foregoing, the more specific provision will apply. For example, if Trustor abandons the Trust Property, no notice and cure periods will apply under Section 13(c) above.

14. **Remedies.** Upon the occurrence of an Event of Default, the Beneficiary may, at the Beneficiary's sole option exercised in the Beneficiary's sole discretion, pursue any one or more of the following remedies:

(a) Declare all or any portion of the Obligations to be due and payable, and, upon Beneficiary's declaration, all applicable Obligations shall become due and payable without any presentment, demand, protest, or notice of any kind except as otherwise provided in this Deed of Trust;

(b) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon and take possession of all or any part of the Trust Property and do any acts which Beneficiary deems necessary or

desirable to preserve the value, marketability, or rentability of all or any part of the Trust Property, to increase the income from the Trust Property, or to protect the security of the Trust Property and, with or without taking possession of the Trust Property, take any action described in this Deed of Trust, sue for, or otherwise collect the rents, issues, and profits of the Trust Property, including those past due and unpaid, and apply those amounts, less costs and expenses of operation and collection including reasonable attorneys' fees, upon any Obligations, all in any order as the Beneficiary may determine. The entering upon and taking possession of the Trust Property, the taking of any action described in this Deed of Trust, the collection of the rents, issues, and profits, and the application of the rents, issues, and profits as established above, shall not cure or waive any default or notice of default or invalidate any act done in response to the default or pursuant to the notice of default and, notwithstanding the continuance in possession of the Trust Property or the collection, receipt, and application of rents, issues, or profits, the Beneficiary shall be entitled to exercise every right provided for in any of the Loan Documents or by law upon occurrence of any Event of Default, including the right to exercise the power of sale conferred by this Deed of Trust;

(c) Foreclose the lien of this Deed of Trust against all or part of the Trust Property by judicial or nonjudicial foreclosure sale in accordance with the laws of the State of Washington then in effect;

(d) Nothing in this Deed of Trust dealing with foreclosure procedures or specifying particular actions to be taken by Beneficiary or by Trustee or any similar officer in connection with a foreclosure sale, conducted through either judicial or nonjudicial foreclosure procedures, shall be deemed to contradict or add to the requirements and procedures now or in the future specified by Washington law, and any inconsistency shall be resolved in favor of Washington law applicable at the time of foreclosure;

(e) Trustee covenants faithfully to perform and fulfill the trusts created by this Deed of Trust, and, to the extent permissible by law, waives any statutory fee and agrees to accept instead reasonable compensation for any services rendered;

(f) Upon any sale made under this Deed of Trust, whether made under the power of sale or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, Beneficiary may bid for and acquire all or part of the Trust Property and, in lieu of paying cash, may make settlement for the purchase price by crediting upon the indebtedness or other Obligations secured by this Deed of Trust the net sales price after deducting the expenses of sale and the costs of the action and any other sums that Trustee or Beneficiary is authorized to deduct under this Deed of Trust, and the amount so used or applied may be credited to the Obligations at the sale; and

(g) Exercise any other rights or remedies that may now or in the future be available to the Beneficiary under this Deed of Trust or the other Loan Documents or pursuant to applicable law or in equity.

15. **Procedural Aspects of Foreclosure.** The following applies to all foreclosure sales under this Deed of Trust:

(a) Upon the happening of an Event of Default, either concurrently with, or independently of, exercise of Beneficiary's right to foreclose judicially, Beneficiary may elect to cause all or any part of the Trust Property to be sold at a foreclosure sale as follows:

(i) Beneficiary may proceed as if all of the Trust Property were real property, or may elect to treat any of the Trust Property that consists of a right in action or that is property that in the opinion of Beneficiary can be severed from the Land or Improvements without causing structural damage as though the same were personal Trust Property, and dispose of it as property subject to the Uniform Commercial Code of the State of California ("UCC"), treating the remainder of the Trust Property as real property.

(ii) Beneficiary may cause any sale or other disposition to be conducted immediately following the expiration of any cure period specified in this Deed of Trust, or immediately upon the expiration of any redemption or reinstatement period required by law, or Beneficiary may delay any sale or other disposition for any period of time as Beneficiary deems to be in its best interest. If Beneficiary desires that more than one sale or other disposition be conducted, Beneficiary may, at its option, cause it to be conducted simultaneously or successively, on the same day or at different days or times and in any order as Beneficiary may deem to be in its best interests.

(b) As to any part of the Trust Property that is subject to the UCC:

(i) If Beneficiary elects to cause any of the Trust Property that is subject to the UCC to be disposed of or sold, Beneficiary may at its discretion dispose of any applicable part of the Trust Property in any order or manner permitted by the UCC, or in accordance with any other remedy provided by applicable law, regardless of whether the property is located on or about the Premises. Any disposition may be conducted by an employee or agent of Beneficiary or Trustee. Trustor and Beneficiary shall be eligible to purchase any part or all of the sale property at any disposition, which may be either public or private as Beneficiary may elect. Beneficiary also shall have the rights and remedies of a secured party under the UCC or otherwise available at law or in equity.

(ii) Under the power of sale granted by this Deed of Trust, Beneficiary may, in its discretion and without regard to the adequacy of its security, elect to proceed against any or all of the Trust Property (including personal property and fixtures) in any manner permitted under Section 9501(4)(a) of the UCC. If the Beneficiary elects to proceed in the manner permitted under Section 9501(4)(a)(ii) of the UCC, the power of sale shall be exercisable with respect to all or any of the Trust Property (whether constituting personal property or Improvements covered by this Deed of Trust, as designated by Beneficiary), and the Trustee is authorized and empowered to conduct any sale of any Trust Property (including personal property and fixtures) in accordance with the procedures applicable to the sale of real property.

(iii) Where the Trust Property consists of real property and personal property, any reinstatement of the obligation secured by this Deed of Trust following default and an election by Beneficiary to accelerate the maturity of the obligation (to the extent reinstatement is made by the Trustor or any other person or entity permitted to exercise the right of reinstatement under Section 2924c of the California Civil Code or any successor statute), shall not prohibit, in accordance with the terms of California Commercial Code Section 9501(4)(c)(iii), Beneficiary from conducting a sale or other disposition of any personal property or fixtures or from otherwise proceeding against or continuing to proceed against any personal property or fixtures in any manner permitted by the UCC. No reinstatement will invalidate, rescind, or otherwise affect any sale, disposition, or other proceeding held, conducted, or instituted with respect to any personal property or fixtures prior to the reinstatement or pending at the time of the reinstatement. Any sums paid to Beneficiary in effecting any reinstatement pursuant to Section 2924c of the California Civil Code shall be applied to the secured obligation and to the Beneficiary's and Trustee's reasonable costs and expenses in the manner required by Section 2924c.

(iv) Expenses of retaking, holding, preparing for sale, selling, or the like shall be borne by the Trustor and shall include all attorney fees, costs, and expenses incurred by Beneficiary or Trustee, and, to the fullest extent permitted by California law, shall not be limited to amounts provided as recoverable by statute. The Trustor, upon demand of Beneficiary, shall assemble all property and make it available to Beneficiary at the Premises or any place that Beneficiary deems to be commercially reasonable. Beneficiary shall give the Trustor at least five days' prior written notice of the time and place of any public sale or other disposition of the property or of the time of or after which any private sale or other intended disposition is to be made, and if any notice is sent to the Trustor, the Trustor acknowledges that it will constitute reasonable notice to the Trustor.

(c) If Beneficiary elects to sell all or part of the Trust Property, Beneficiary or Trustee shall give notice of default and election to sell as may then be required by applicable law. Thereafter, upon the expiration of any applicable time and the giving of notice, and without the necessity of any demand on the Trustor, Trustee, at the time and place specified in the notice of sale, shall sell all or any portion of the Trust Property specified by Beneficiary, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may, and upon request of Beneficiary shall, from time to time, postpone any sale by public announcement at the time and place noticed or fixed by the previous postponement.

(d) The acknowledgment of the receipt of the purchase money contained in any deed or instrument of conveyance issued in connection with a trustee's sale shall be sufficient to discharge the purchaser/grantee from all obligations to see to the proper application of the consideration given. The purchaser/grantee at any sale may disaffirm any easement granted or rental or lease contract made in violation of any provision of this Deed of Trust, and may take immediate possession of the Trust Property free from, and despite the terms of, the violating grant of easement and rental or lease contract.

(e) If the Trust Property consists of several lots, parcels, or items of property, Beneficiary may, in its discretion, designate the order in which the lots, parcels or items shall be offered for sale or sold or elect to sell all lots, parcels, or items through a single sale, or through two or more successive sales, or in any other manner Beneficiary deems in its best interest. The Trustor expressly waives its right to direct the order of sale. If Beneficiary desires that more than one sale or other disposition of the Trust Property be conducted, Beneficiary may, at its option, cause the sales to be conducted simultaneously, or successively, on the same day, or at different days or times and in any order as Beneficiary may deem to be in its best interests, and no such sale shall terminate or otherwise affect the lien of this Deed of Trust on any unsold part of the Trust Property until the Obligations have been fully paid. If Beneficiary elects to dispose of the Trust Property through more than one sale, the Trustor agrees to pay the costs and expenses of each sale and/or of any judicial proceedings where the sale is made, including reasonable compensation to Trustee and Beneficiary, their agents and counsel, and to pay all expenses, liabilities and advances made or incurred by Trustee with the sale or sales, together with interest on all advances made by Trustee at any default rate of interest established in the Note.

(f) Any person (including the Trustor, Trustee or Beneficiary) may purchase at any sale, and Beneficiary shall have the right to purchase at any sale by crediting upon the bid price the amount of all or any part of the Obligations, as specified below. Beneficiary, upon any such purchase, shall acquire good title to the properties so purchased, free of the lien of this Deed of Trust and free of all rights of redemption in the Trustor and free of all liens and encumbrances subordinate to this Deed of Trust. Upon any sale, the Trustee shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the property so sold, but without any covenant or warranty whatsoever, express or implied. The recitals in any deed or deeds of fact, such as default, the giving of notice of default, the issuance of a notice of sale, and other facts affecting the regularity or validity of sale or disposition, shall be conclusive proof of the truth of these facts, and any deed or deeds shall be conclusive against all persons as to these facts.

16. **Power of Sale.** If the Beneficiary elects to sell the Trustor's interest in the Trust Property by exercise of the power of sale contained in this Deed of Trust, the Beneficiary shall notify the Trustee in the manner then required by law.

(a) Upon receipt of written notice from the Beneficiary and at the direction of the Beneficiary, the Trustee shall cause to be given, recorded, published, and delivered all notices of default and/or notices of sale as may then be required by law and/or by this Deed of Trust. The Trustee shall, only at the direction of the Beneficiary and without demand on the Trustor, after any time as may then be required by law after notice of default and/or notice of sale having been given as required by law, sell the Trust Property at the time and place of sale fixed in the notice of sale, either as a whole, or in separate lots or parcels or items as the Beneficiary shall deem expedient, and in any order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale, or as otherwise may then be required by law. The Trustee shall deliver to the purchaser or purchasers of the Trust Property its good and sufficient deed or deeds conveying the property so sold, but without any

covenant or warranty, express, or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness of the facts. Any person, including, without limitation, the Trustor, the Trustee or the Beneficiary, may purchase at the sale. The Beneficiary may "credit bid" all or any portion of the Obligations at the sale.

(b) As may be permitted by law, after deducting all costs, fees, and expenses of the Trustee and of this Trust, including without limitation costs of evidence of title in connection with sale and any attorneys' fees and expenses incurred by the Trustee, the Trustee shall apply the proceeds of sale: (i) first, to payment of all costs, fees and expenses, including attorneys' fees and expenses incurred by the Beneficiary in exercising the power of sale or foreclosing this Deed of Trust; and (ii) second, to satisfaction of the Obligations.

(c) The Trustee may in the manner provided by law postpone sale of all or any portion of the Trust Property.

17. Remedies Not Exclusive.

(a) The Beneficiary shall be entitled to enforce payment and performance of any Obligations and to exercise all rights and powers under the Deeds of Trust, any Loan Documents, or any laws now or in the future in force, notwithstanding the fact that some or all of the Obligations may now or in the future be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment, or otherwise. Neither the acceptance of this Deed of Trust nor its enforcement, whether by court action or pursuant to the power of sale or other powers contained in this Deed of Trust, shall prejudice or in any manner affect the Beneficiary's right to realize upon or enforce any other security now or in the future held by the Beneficiary.

(b) Beneficiary shall be entitled to enforce the Deeds of Trust and any other security now or in the future held by the Beneficiary in any order and manner as it may in its absolute discretion determine. No remedy conferred upon or reserved to the Beneficiary by the Deeds of Trust are intended to be exclusive of any other remedy given under the Deeds of Trust or now or in the future existing at law or in equity or by statute. Every power or remedy given by any of the Loan Documents to the Beneficiary, or to which the Beneficiary may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by the Beneficiary. The Beneficiary may pursue inconsistent remedies.

(c) The acceptance by the Beneficiary of any sum after the amounts are due shall not constitute a waiver of the right either to require prompt payment, when due, of all other sums secured by this Deed of Trust or to declare a default as provided under this Deed of Trust. The acceptance by the Beneficiary of any partial payment shall be deemed an acceptance on account only and Beneficiary's acceptance shall not constitute a waiver of the obligation of the Trustor to pay the entire sum then due, unless Beneficiary has made an express written election to accept the partial payment as full payment.

(d) Any failure of the Trustor to pay the entire sum then due shall be and continue to be an Event of Default notwithstanding any acceptance of any lesser amount on account. Until all of the amounts due under this Deed of Trust or any of the other Loan Documents are paid in full, the Beneficiary and Trustee, notwithstanding either of their acceptance of any amounts on account or any future amounts on account, are entitled to exercise any and all rights described in this Deed of Trust, and none of those rights will be impaired or eliminated by any acceptance of any amounts on account. Consent by the Beneficiary to any action or inaction of the Trustor which is subject to consent or approval of the Beneficiary shall not be deemed a waiver of the right to require the consent or approval to future or successive actions or inactions.

18. Possession of Trust Estate. If a trustee's sale or foreclosure sale is held under this Deed of Trust and, after the time of sale, the Trustor occupies all or any part of the portion of the Trust Property so sold, at Beneficiary's option and upon notice to Trustor, the Trustor shall immediately become the tenant of the purchaser at the sale, the tenancy shall be a tenancy from day to day, terminable at the will of either tenant or landlord, at a

reasonable rental per day based upon the value of the portion of the Trust Property so occupied. All rental payments required of Trustor will be due and payable daily to the purchaser. An action of unlawful detainer shall be available if the tenant holds over after a demand in writing for possession of the Trust Property. This Deed of Trust or any trustee's deed executed and/or delivered in connection with any trustee's sale or foreclosure shall constitute a lease and agreement under which the tenant's possession arose and continued. Nothing contained in this Deed of Trust shall be construed to constitute the Beneficiary as a "mortgagee in possession" in the absence of its taking actual possession of the Trust Property pursuant to the powers granted in this Deed of Trust.

19. **Absolute Assignment of Leases and Rents.** All of the existing and future Rents and Leases applicable to or arising out of, or effecting all or any part of the Trust Property and all rights of Trustor under the Leases and against any guarantors of the foregoing are assigned absolutely to Beneficiary as further security for the payment of the indebtedness and performance of the Obligations. To enforce Beneficiary's rights under this Deed of Trust, Trustor also assigns to Beneficiary all rights to exercise any landlord liens and any other remedial rights to which a landlord may be entitled under law. Without limitation of the foregoing, this assignment of leases and rents is an absolute assignment which, upon execution of this Deed of Trust, creates a present security interest in all Rents and Leases applicable to the Premises, enforceable by all rights and remedies under law. When requested by Beneficiary from time to time and within the time as Beneficiary may reasonably require, Trustor shall execute, deliver, and/or record, and shall cause any lessee, tenant, or occupant (collectively, a "**Tenant**") of Trustor designated by Beneficiary to execute, deliver, and/or record separate lease assignments and/or lease subordinations covering any or all of the leases that may affect any part or all of the Trust Property. If there is any conflict or inconsistency between the terms and conditions of this Deed of Trust and any separate lease assignment (recorded or unrecorded), the terms and conditions of the separate lease assignment will govern and control. All separate lease assignments and/or lease subordinations shall be in a form as Beneficiary, in its sole discretion, may require. Without limiting the generality of the foregoing, Beneficiary may require any Tenant to subordinate the Tenant's rights to the lien of this Deed of Trust. Beneficiary shall not be required to give non-disturbance or similar commitments to any Tenant. Upon the occurrence of an Event of Default, Trustor authorizes and directs the Tenants of the Trust Property to make, upon written notice from Beneficiary, all payments required under any leases directly to the Beneficiary as they become due. Trustor relieves all Tenants from any liability to Trustor by reason of any payments being made to Beneficiary. Beneficiary may apply all rents collected by Beneficiary in any manner Beneficiary elects, in its sole discretion. Provided that no Event of Default shall have occurred, Trustor shall be entitled to collect and use all such rents and/or payments.

20. **Receiver.** Upon the occurrence of an Event of Default, Beneficiary, in addition to all rights and remedies available at law and/or under this Deed of Trust, shall be entitled, at any time and without notice and without regard to the adequacy of any security, to enter upon and take possession of the Trust Property (or any part). Trustor shall upon demand peaceably surrender possession of the Trust Property to Beneficiary or the receiver. Beneficiary's entry may be made by Beneficiary's agents, attorneys, or employees or by a court-appointed receiver. Beneficiary, in its name and/or in the name of Trustor, may operate and maintain all or any portion of the Trust Property to the extent Beneficiary deems advisable, and Trustor agrees that Beneficiary shall be entitled to do and perform any acts that Beneficiary may deem necessary or proper to conserve the value of the Trust Property, including the ability to sue for and otherwise collect and receive all rents, issues, and profits (including those past due and unpaid as well as those later accruing) and the ability to rent or lease the Trust Property (or any portion) to such persons on terms and conditions approved by Beneficiary in its sole discretion. Trustor further agrees that Beneficiary also may take possession of and use any and all personal property contained in the Trust Property or used by Trustor in the rental or leasing of the Trust Property (or any part). Beneficiary may apply all rents, issues, and profits collected or received by it to the payment of costs and expenses incurred in the operation of the Trust Property or to protect and preserve its security, or Beneficiary may permit any part of all of these moneys to be released by Beneficiary at its sole option. The expense (including receivers' fees, if any, and compensation to any agent appointed by Beneficiary, and attorney fees, costs, and disbursements) incurred in taking possession and effecting collection or attempting to take possession and effecting collection, shall be deemed an expense of this Deed of Trust to be paid by Trustor and secured by this Deed of Trust. Neither the entering upon and taking possession of the Trust Property, nor the collection of such rents, issues, and profits, nor the application or release of these amounts shall cure or waive any default or notice of sale or invalidate any act done pursuant to such notice of sale. In dealing with the Trust Property or any related personal property as a beneficiary in possession, Beneficiary shall be without any liability, charge, or obligation to Trustor other than for willful misconduct, and all losses, costs, and expenses incurred by Beneficiary shall be considered protective advances under Section 12 above. Trustor

specifically agrees that the appointment of a receiver may be sought and pursued concurrently with the exercise of any other remedies of Beneficiary, including exercise of Trustee's power of sale.

ADDITIONAL AGREEMENTS AND RESTRICTIONS

21. **Condemnation.**

(a) All judgments, awards of damages, and settlements made as a result of (or under the threat of) each of the following (collectively, a "**Condemnation**") are assigned to and will be paid to Beneficiary: (i) any condemnation or other proceeding for public use (or any sale in lieu of condemnation); (ii) any private trespass to the Trust Property; and (iii) any eminent domain proceeding. Beneficiary will have the right, but not the obligation, to participate in any proceedings, and Trustor will not settle or otherwise resolve any proceedings or execute or deliver any deed without the prior written consent of Beneficiary, whose consent will not be unreasonably withheld.

(b) If a Condemnation affects less than substantially all of the Trust Property and, further, if legal access to the Trust Property has not been affected or impaired (referred to as a "**Partial Condemnation**"), the proceeds of any judgment, award, or settlement that are attributable to the Improvements will be held, applied, and disbursed by Beneficiary in accordance with the conditions established in Section 6(c) above (as if the proceeds from the Partial Condemnation were insurance proceeds) to the restoration of the Trust Property if requested in writing by Trustor. If Trustor does not make this request within 10 days of the Partial Condemnation, the proceeds will be applied in partial satisfaction of any amounts secured by this Deed of Trust. Prior to any disbursement for restoration of the Trust Property, Trustor, at its cost, must supply Beneficiary with a current ALTA survey of the Trust Property indicating the area lost, an updated appraisal for the Trust Property showing an appraised value acceptable to Beneficiary, and any endorsement or update to Beneficiary's lender's policy of title insurance. By way of example, the proceeds of any judgment, award, or settlement that are not attributable to the Improvements will be used and/or applied in Beneficiary's sole discretion.

(c) If a Condemnation, other than a Partial Condemnation, occurs, Beneficiary will be solely entitled to any award, judgment, or settlement, and Trustor agrees to immediately deliver to Beneficiary all proceeds of any award, judgment, or settlement that may be received by Trustor. Beneficiary, at its option, may apply any proceeds to the satisfaction of any amounts secured by this Deed of Trust. Neither the application nor the release of any proceeds will cure or waive any default or notice of sale or invalidate any act done pursuant to the notice of sale.

(d) If any Condemnation involves the taking of common elements related to all or any part of the Trust Property, the award must compensate Beneficiary for any reduction in value in the Trust Property as a result of the Condemnation of the common elements. Any award payable with respect to the foregoing will be paid to Beneficiary to the extent of its interest in the common elements and will be applied in satisfaction of the amounts secured by this Deed of Trust.

22. **Modification Without Release.** Without affecting the liability of Trustor, any guarantor under any of the Loan Documents, or any other person (except any person expressly released by Beneficiary in writing) for the payment or performance of any Obligation, and without affecting the rights of Beneficiary with respect to any security not expressly released in writing, Beneficiary, at any time and from time to time, either before or after maturity of the Note, and without notice to Trustor or Trustor's consent, may: (i) release any guarantor or other person liable for the payment or performance of all or any part of the Obligations; (ii) make any agreement extending the time or otherwise altering the terms of payment of the Obligations, or modifying or waiving any obligation, or subordinating, modifying, or otherwise dealing with the lien or charge of this Deed of Trust; (iii) exercise or refrain from exercising or waive any right available to Beneficiary; (iv) accept additional security of any kind; and (v) release or otherwise deal with any property, real or personal, securing the Obligations, including all or any part of the Trust Property.

23. **Other Security.** If all or any part of the Obligations secured by this Deed of Trust are now or in the future further secured by chattel mortgages, security interests, mortgages, deeds of trust, pledges, contracts of guaranty, or other additional securities, Beneficiary may, at its option, exhaust its security under this Deed of Trust, or the Deeds of Trust, or any other or future security either concurrently or independently and in any order as it may determine. Beneficiary may apply any proceeds received from its realization upon any security to the amounts secured by this Deed of Trust without affecting the status of, or waiving any right to exhaust, all or any other security, and without waiving any breach or default or any right of power, whether contained in this Deed of Trust or in any other security. Trustor waives any right or privilege that it or its creditors might otherwise have to require Trustee and/or Beneficiary to proceed against the assets encumbered by this Deed of Trust or by any other security documents in any particular order or fashion under any legal or equitable doctrines or principles, and Trustor further agrees that upon a default, Trustee and/or Beneficiary may proceed to exercise any or all remedies with regard to any or all assets encumbered by this Deed of Trust or by any other security documents in the manner and order as Beneficiary in its sole discretion may determine.

24. **Partial Payment.** Acceptance by Beneficiary of any sum in payment, or part payment, of any of the Obligations secured by this Deed of Trust after the amount is due or after the recording of a notice of sale will not constitute a waiver of the right to require prompt payment, when due, of any other portion of the Obligations, nor will Beneficiary's acceptance cure or waive any remaining default or invalidate any sale held pursuant to notice of sale for any remaining default, or prejudice any of the rights of Beneficiary under this Deed of Trust.

25. **Water and Mineral Rights.** Any stock in a water, irrigation, or water storage company assigned to Beneficiary in connection with this transaction may be registered in the name of Trustee or Beneficiary as pledgee, and held by either as Beneficiary may determine. Whether or not the stock is appurtenant to the Trust Property (or any part) and regardless of how the stock is registered or held, Trustor and Beneficiary agree that, if a default occurs, Trustee may sell the stock (or any part) and any other shares of stock subject to this Deed of Trust, together with and at the time of any Trustee's sale of the Trust Property (or any part). With respect to the sale of the stock, Trustor waives compliance with any and all statutory requirements concerning the sale of pledged property and agrees that the provisions of law and of this Deed of Trust governing the manner, notice, and conditions of a Trustee's sale of the Trust Property apply to the sale of the stock by Trustee. As additional security to Beneficiary, Trustor further assigns and transfers all damages, royalties, and revenues of every kind, nature, and description whatsoever that Trustor may be entitled to receive from any person, company, or corporation owning or having or acquiring a right to the oil, gas, or mineral rights and reservations of the Trust Property. Beneficiary will have the right to receive and apply the damages, royalties, and revenues to the Obligations either before or after any default, and Beneficiary may demand, sue for, and recover any payments (but will not be required to do so).

26. **Trustor Waivers.** Trustor waives the pleading of any statute of limitations as a defense to any of the Obligations to the fullest extent permissible by law. Trustor waives the benefit of all laws related to marshalling of assets, notice of election to mature, or notice of election to declare due with respect to the Loan and the Trust Property. Any person or entity that has signed this Deed of Trust as an accommodation party or as a surety or that has subjected its property to this Deed of Trust to secure the debt of another expressly waives the benefits of any applicable statute or rule that may act to waive or limit the rights of Beneficiary, as a creditor, to seek performance from or collect from any surety or accommodation party. In any action by Beneficiary to recover a deficiency judgment for any balance due under the Note after a foreclosure of this Deed of Trust or in any action to recover or compel the performance of the Obligations, Trustor acknowledges and agrees that the successful bid amount made at any judicial or non-judicial foreclosure sale, if any, will be deemed conclusively to constitute the fair market value of the Trust Property, will be binding against Trustor in any proceeding seeking to determine or contest the fair market value of the Trust Property, and will be the preferred alternative means of determining and establishing the fair market value of the Trust Property. To the fullest extent permissible by law, Trustor waives any right to have the fair market value of the Trust Property determined by judge or jury in any action seeking a deficiency judgment or any action on the Obligations, including any hearing to determine fair market value.

27. **Security Interest.** This Deed of Trust will constitute a security agreement as well as a financing statement and, a fixture filing within the meaning of the California Uniform Commercial Code, Section 9313. Trustor agrees that the Obligations are further secured by security interests in all fixtures, equipment, and other personal property covered by the California Uniform Commercial Code, if any, that are used on, in, or about the Trust Property (or any part) or that are used by Trustor or any other person (including a lessee under any Lease) in

connection with the Trust Property. Trustor grants to Beneficiary a valid and effective security interest in all components of the Trust Property that constitute personal property, together with all replacements, additions, and proceeds. Except for the security interest granted by Trustor under this Deed of Trust, Trustor agrees that, without the written consent of Beneficiary, no other security interest will be created under the provisions of the Uniform Commercial Code or the California Uniform Commercial Code and no lease will be entered into with respect to any goods, fixtures, equipment, appliances, or articles of personal property now attached to or used or to be attached to or used in connection with the Trust Property. Trustor agrees that all property of every nature and description covered by the lien and charge of this Deed of Trust together with all the property and interests covered by this security interest are encumbered as a unit, and upon a default by Trustor, all of the Trust Property, at Beneficiary's option, may be foreclosed upon or sold in the same or different proceedings or at the same or different time, subject to the provisions of applicable law. The filing of any financing statement relating to any such property or rights or interests will not be construed to diminish or alter any of Beneficiary's rights or priorities under this Deed of Trust. Beneficiary also will be entitled to treat both real and personal property interests as one parcel or package of security or Beneficiary may commence a sequence of actions under California Commercial Code Section 9601 to realize upon the collateral. Notwithstanding the foregoing, the security interest of Beneficiary, as described above, is not intended to attach to any personal property, goods, or inventory of any Tenant under any of the Leases affecting the Trust Property unless and until Beneficiary assumes the obligations of the landlord under the Leases, in which case Beneficiary will be entitled to exercise any contract, statutory, or common law landlord lien over those items of any such tenant.

28. Hazardous Materials.

(a) For purposes of this Deed of Trust, the term "**Hazardous Materials**" will mean: (i) any chemical, material, or substance defined or included in the definition of "hazardous substances," "hazardous materials," "toxic substances," or words of similar import under any Hazardous Materials Laws; (ii) any oil, petroleum, flammable substances, explosives, asbestos; or (iii) any other chemical, material or substance which may or could pose a hazard to health or safety.

(b) Trustor represents and warrants that: (i) no Hazardous Materials have been, are, or will be used, generated, stored, or disposed of on, under, or about the Trust Property; and (ii) the Trust Property and all past, present, and future uses of the Trust Property were, are, and will be in compliance with all relevant local, state, and federal laws, rules, regulations, policies, ordinances, court decisions, settlement orders, and consent decrees relating to the protection of the environment on, under, or about the Trust Property (collectively, the "**Hazardous Materials Laws**"). At Trustor's expense, Trustor will comply with and will cause any tenants or occupants of the Trust Property to comply with the Hazardous Materials Laws. If any Hazardous Materials are found to exist on, under, or about the Trust Property, Trustor will at Trustor's expense take all necessary and appropriate remedial action that Beneficiary or any relevant authority will require. Trustor will immediately advise Beneficiary in writing of any governmental or regulatory communications or proposed or instituted actions with regard to Hazardous Materials and the Trust Property, and will immediately provide Beneficiary with copies of any written communications to and from the relevant authorities. Upon any default under this Deed of Trust, Beneficiary will have the right, at Trustor's expense, to obtain or require Trustor to obtain an environmental survey or study of the Trust Property from a qualified independent environmental engineer, all to the satisfaction of Beneficiary.

(c) To induce Beneficiary to make the loan secured by this Deed of Trust, Trustor agrees to indemnify, defend, and hold Beneficiary and Trustee harmless on demand for, from, and against any liability, loss, costs, damages, and expenses (including attorney fees) that Beneficiary or Trustee may sustain in any way related to any Hazardous Materials on, under, or about the Trust Property. This indemnity will survive any release of this Deed of Trust or foreclosure, trustee's sale, or deed in lieu of the Trust Property, will benefit any foreclosure purchaser, and will not be subject to any otherwise applicable statutory or contractual anti-deficiency limitation or nonrecourse provision.

(d) The indemnity provided in this Deed of Trust for Hazardous Materials is intended to be in addition to, and not in lieu, limitation, or modification of, any separate environmental indemnity executed by Trustor and/or others with respect to the loan described in the Loan Agreement. The indemnity and other provisions of any separate environmental indemnity may be enforced separate from

the enforcement of this Deed of Trust or the environmental indemnity in this Deed of Trust. The environmental provisions of this Deed of Trust will not limit or reduce any protections provided to Beneficiary under any separate environmental indemnity, and, for purposes of this Deed of Trust, any separate environmental indemnity will not be considered one of the Loan Documents defined and described in Section 4 above. Enforcement of the indemnity provisions of this Deed of Trust will not be considered an action in enforcement of the debt.

(e) **Notwithstanding the foregoing, Trustor may store and use, in connection with the Trust Property, various types and quantities of Hazardous Materials that are customarily used in the operation of properties similar to other properties of the same type so long as the Hazardous Materials are held, stored, and used in complete and strict compliance with all Hazardous Materials Laws.**

29. **Impounds.** Upon Beneficiary's written demand after of an Event of Default, Trustor, on a monthly basis, will deposit with Beneficiary, in addition to any other required payments under the Note, an amount sufficient to enable Beneficiary to pay before delinquency all Taxes and Assessments, ground rents, and insurance premiums due on the Trust Property. Trustor's installments will be equal to the estimated amounts of the payments next due (as estimated by Beneficiary in its good faith), less all installments already paid, divided by the number of months that are to elapse before one month prior to the date when the payments are due. If the amounts paid to Beneficiary under the provisions of this section are insufficient to discharge the obligation of Trustor for the actual amount of the payments, Trustor will immediately pay to Beneficiary upon demand the additional sums as may be required to fully pay and discharge these items. All impound deposits paid may, at Beneficiary's option: (a) be held and applied by Beneficiary to pay Taxes and Assessments, ground rents, and insurance before delinquency; or (b) be credited directly to interest and/or principal due upon the Obligations. Upon payment by Beneficiary of any Taxes and Assessments, ground rents, or insurance premiums, the amount paid will be added to the principal of the Obligations. Deposits made under this section may be commingled with Beneficiary's general funds, and Beneficiary will have no liability to Trustor for any interest on the deposits. Nothing in this Section will be deemed to release Trustor from the obligation to pay Taxes and Assessments, ground rents, or insurance premiums to the extent these payments are in excess of those amounts impounded by Beneficiary. All amounts deposited by Trustor under this Section are assigned by Trustor to Beneficiary as additional security for the Obligations.

30. **Due on Sale and Other Transfers.**

(a) For purposes of this Deed of Trust and the other Loan Documents, a "**Transfer**" is: (i) any actual or attempted sale, exchange, transfer, assignment, conveyance, quit claim, grant or exercise of a right of first refusal, or grant or exercise of a purchase option with respect to all or any right, title, or interest in all or any part of the Trust Property; or (ii) any actual or attempted assignment, pledge (including pledges associated with any so-called mezzanine loans), sale, or transfer of any partnership, ownership, membership, voting, management, or economic interest in Trustor. Except as otherwise provided in the Loan Agreement with respect to Transfers designated as "**Permitted Transfers**," all Transfers are subject to Beneficiary's prior written approval. Beneficiary's approval may be granted, withheld, or conditioned in Beneficiary's sole and absolute discretion. Any Transfer that is not so approved by Beneficiary will constitute a "**Prohibited Transfer**" under this Deed of Trust and the other Loan Documents.

(b) In addition to any other right or remedy available to Beneficiary, Beneficiary may void any Prohibited Transfer by written election to Trustor.

(c) If any Transfer occurs, whether or not Beneficiary consents, Beneficiary, in addition to any other remedies provided in this Deed of Trust, may require that a transfer fee be paid to Beneficiary prior to, concurrent with, or after the Transfer. Consent to any one Transfer will not be deemed to be consent to any other Transfer, and no consent will constitute a commitment to subordinate the lien of this Deed of Trust to any interest created by the Transfer.

(d) Without limitation of the foregoing, Trustor may lease all or part of the Trust Property in a manner consistent with Section 19 above, but will be prohibited from encumbering the Trust Property except as established in Section 32 below.

31. **Change of Tax or Other Laws.** If, after the date of recordation of this Deed of Trust, the United States of America or any other governmental entity enacts a law or regulation that: (i) changes, in any material and adverse way, the taxation of this Deed of Trust as to Beneficiary; (ii) deducts from the value of the Trust Property, for the purposes of taxation, the value of any lien on the Trust Property; or (iii) imposes a tax, directly or indirectly, on Beneficiary on this Deed of Trust, the Note, or any sums due and payable under or secured by either or both (except for income taxes payable by Beneficiary), Beneficiary may declare all sums secured by this Deed of Trust to be due and payable in full within not less than 60 days. Beneficiary's declaration must be made by written notice to Trustor. The foregoing declaration by Beneficiary will be ineffective, however, if Trustor is permitted under these laws to pay the tax and if, prior to the date of election is to be effective, Trustor does pay the tax levied or assessed. All recording fees, mortgage, or documentary stamp taxes, and sales tax imposed by any state or local authority from time to time are strictly the responsibility of Trustor to pay.

32. **Due on Encumbrance and Other Encumbrances.**

(a) Trustor will not permit any consensual or non-consensual liens, mortgages, deeds of trust, agreements for sale, mechanic's liens, assessments, assessment liens, tax liens, judgments, levies, or security interests (called, collectively, whether junior or senior to the lien of the Deed of Trust, the "**Prohibited Encumbrances**"), other than the lien of this Deed of Trust, to be placed on all or any part of the Trust Property without the prior written consent of Beneficiary (which may be given or withheld in Beneficiary's sole discretion, and which, if permitted, will be referred to as a "**Permitted Encumbrance**"). If Trustor consents to or otherwise permits a Prohibited Encumbrance to exist with respect to all or any part of the Trust Property, a default on the part of Trustor shall be deemed to exist under this Deed of Trust, and Trustor, upon Beneficiary's written request, must fully release, discharge, or otherwise bond over, or contest the Prohibited Encumbrance within 30 days or as required by the Loan Agreement. If not discharged and released on a timely basis within the 30-day period, an Event of Default shall be deemed to exist, and Beneficiary may exercise its rights and remedies under this Deed of Trust and the other Loan Documents including the right to accelerate the loan described in the Loan Documents and to advance funds sufficient to release and discharge the Prohibited Encumbrance. All amounts advanced will be considered protective advances under Section 12 above.

(b) If Beneficiary approves any Permitted Encumbrance, Trustor must pay and perform (before delinquency and at all times required) all obligations under the Permitted Encumbrance. Without the prior written consent of Beneficiary, Trustor will not consent to or agree to the increase in the principal amount of any Permitted Encumbrance or to any extension of time for payment of the Permitted Encumbrance. If any Permitted Encumbrance is in default for any reason, Beneficiary may (but need not) cure the default, and the cost of curing the default, with interest at the greater of any default rate of interest established in the Note or 10% per annum, will be secured by this Deed of Trust.

(c) All amounts paid by Beneficiary under this Section will be added to the Obligations secured by this Deed of Trust and must be repaid by Trustor upon written demand issued by Beneficiary at any time after the advances are made by Beneficiary. Additionally, Beneficiary will be subrogated to the rights of the lienholder so paid. Immediately upon receiving any knowledge or notice of any default or claimed default under any Permitted Encumbrance, Trustor will give written notice to Beneficiary and will give to Beneficiary a true copy of each and every notice, summons, legal process, legal paper, or other communication relating in any way to any Permitted Encumbrance or any default under the Permitted Encumbrance.

GENERAL PROVISIONS

33. **Irrevocable.** The trusts created by this Deed of Trust are irrevocable.

34. **Invalidity.** If any one or more of the provisions of this Deed of Trust or the applicability of any provision to a specific situation are held to be invalid or unenforceable, the provision will be modified to the

minimum extent necessary to make it or its application valid and enforceable, and the validity and enforceability of all other provisions of this Deed of Trust and all other applications of the provisions will not be affected.

35. **Statements.** Trustor will pay Beneficiary's and/or Trustee's reasonable charges, to the maximum amount permitted by law, for any statement regarding or relating to the Obligations that have been requested by Trustor or on its behalf.

36. **Enforcement Expenses.** If it becomes necessary for the Beneficiary to employ legal counsel or to take legal action to enforce payment and/or performance by Trustor of the Obligations or to protect any of Beneficiary's rights under this Deed of Trust (including any protection of Beneficiary's rights under any proceedings under Title 11 of the United States Code), Trustor agrees to pay to Beneficiary, in addition to taxable costs of any legal proceeding or action, attorney fees in a reasonable amount and all costs of preparation and conduct of the proceedings, including costs of appraisals, environmental reports, title searches, and title policy commitments, all of which will be added to Beneficiary's lien upon the Trust Property and secured by this Deed of Trust (and which must be paid by Trustor as part of any reinstatement tendered under the Deed of Trust).

37. **No Offset.** No offset or claim that Trustor now has or may in the future have against Beneficiary will relieve Trustor from paying installments or performing any other obligation in or secured by this Deed of Trust.

38. **Corrections.** Trustor will, upon request of Beneficiary or Trustee, promptly correct any defect or error which may be discovered in the contents of this Deed of Trust or in its execution or acknowledgment, and will execute, acknowledge, and deliver further instruments and do further acts as may be necessary or as may be reasonably requested by the Trustee or by the Beneficiary to carry out more effectively the purposes of this Deed of Trust and to perfect and maintain the lien and security interest created by this Deed of Trust.

39. **Resignation.** Trustee may resign by mailing or delivering notice to Beneficiary and Trustor, and Beneficiary may, at any time Beneficiary may desire, appoint another Trustee in place of Trustee or any successor. Trustor will cause this Deed of Trust to be duly recorded in the Recorder's Office of the County in which the Premises is situated.

40. **Authority.** Trustor and each signatory who signs on the Trustor's behalf jointly and severally represent and warrant that: (i) Trustor is a duly formed and validly existing corporation, partnership, limited partnership, or limited liability company, as applicable; (ii) Trustor has all requisite power and authority to enter into and perform its Obligations under this Deed of Trust; (iii) Trustor's execution and delivery of this Deed of Trust and its performance under this Deed of Trust will not violate Trustor's organizational documents or any other agreement to which Trustor is a party; and (iv) this Deed of Trust and the Obligations are the valid and enforceable obligations of Trustor.

41. **Security Intended.** Notwithstanding any provision of this Deed of Trust to the contrary, the parties intend that this document is security for the payment and performance of the Obligations and will constitute a "deed of trust."

42. **Waiver of Jury Trial.** *TRUSTOR:* (A) WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT *TRUSTOR* MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS *DEED OF TRUST* OR THE TRANSACTIONS CONTEMPLATED BY THIS *DEED OF TRUST* (WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER LEGAL THEORY); (B) CERTIFIES THAT NO REPRESENTATIVE, AGENT, OR ATTORNEY OF *BENEFICIARY* HAS EXPRESSLY OR IMPLIEDLY REPRESENTED THAT *BENEFICIARY* WOULD NOT, IF LITIGATION ARISES, SEEK TO ENFORCE THE FOREGOING WAIVER; AND (C) ACKNOWLEDGES THAT *BENEFICIARY* HAS BEEN INDUCED TO MAKE THE LOAN AND ENTER INTO THIS *DEED OF TRUST* AND THE OTHER *LOAN DOCUMENTS* BY, AMONG OTHER THINGS, *TRUSTOR'S* WAIVERS AND CERTIFICATIONS IN THIS SECTION.

43. **General.**

(a) Upon the written request of Beneficiary stating that all of the Obligations have been paid or performed and upon surrender of this Deed of Trust to Trustee for cancellation and upon payment by Trustor of its fees, Trustee will reconvey, without warranty, the estate in the Trust Property then held by Trustee. The grantee in the reconveyance may be designated and described as the "person or persons legally entitled thereto", or by other appropriate terms. In lieu of execution of a reconveyance by Trustee, Beneficiary may execute or release or, on behalf of Trustee, execute the reconveyance, in which case legal title will be vested in the "person or persons legally entitled thereto". Beneficiary will not be obligated to consent to or permit any partial releases of the Trust Property.

(b) Except as provided in Section 27 (i.e., Prohibited Transfers), this Deed of Trust will inure to and bind the heirs, legatees, devisees, administrators, executors, successors, and assigns of the parties. This Deed of Trust will be so construed that, wherever applicable, the use of the singular number will include the plural number, the use of the plural number will include the singular number, the use of the masculine gender will include the feminine gender. The term "**Beneficiary**" will mean the owner and holder of the Note, and will include all successors and assigns of a beneficiary to this Deed of Trust and all participants in the Loan described in the Loan Documents. Any appointment of Beneficiary as attorney-in-fact for Trustor will be with full power of substitution. This Deed of Trust was prepared after negotiations by and between Trustor and Beneficiary, and Trustor waives any rule of construction that requires that this Deed of Trust be construed against Beneficiary because Beneficiary or its attorneys prepared this Deed of Trust.

(c) Unless otherwise specifically set forth in this Deed of Trust, any consent, approval, or election by Beneficiary (or the establishment of any item to the satisfaction of Beneficiary) will be deemed and construed as being given, withheld, or established at and in Beneficiary's sole and absolute discretion.

(d) If the payment or performance of any provision of this Deed of Trust will require a payment in excess of that permitted by any applicable law, the obligation to be paid or performed will be reduced to the minimum extent necessary to comply with any limitation of law. By acceptance of this Deed of Trust, Beneficiary expressly waives the right to demand any excess. The provisions of this section will control every other provision of this Deed of Trust.

(e) Time is of the essence in the payment and performance of each and every provision of this Deed of Trust. No failure on the part of Beneficiary to exercise any of its rights upon any default will be construed to prejudice its rights if any other or subsequent default. No delay on the part of Beneficiary in exercising any of its rights will be construed to preclude Beneficiary from exercising these rights at any time during the continuance of the default. Beneficiary may enforce any one or more remedies or rights under this Deed of Trust successively or concurrently at its option, and any enforcement of any one or more remedies will be not deemed to be any election against or preclusion of any other rights or remedies.

(f) Unless otherwise required by applicable law with respect to the enforcement of this Deed of Trust, all notices required to be given under this Deed of Trust will be in writing and will be either served personally or sent by U.S. certified mail, postage prepaid, return receipt requested, and addressed to Trustor, Trustee, and Beneficiary at their respective addresses first above written. These addresses may be changed by notice to the other parties given in the same manner as provided in this paragraph. The foregoing notice provisions shall not act to limit any other methods of delivery available to Trustor under the other Loan Documents. The notice provisions of this Deed of Trust shall not be construed to invalidate notices provided under an alternative method of delivery permitted under the other Loan Documents.

(g) This Deed of Trust, the Note, and the Loan Documents are governed by and to be construed, applied and enforced in accordance with the laws of the State of California, provided however, that with respect to the creation, perfection, priority and enforcement of the lien of this Deed of Trust, and the determination of deficiency judgments, the laws of the state where the Trust Property is located shall apply. All rights, powers and remedies provided in this Deed of Trust may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law and are intended to be limited to

the extent necessary so that they will not render this Deed of Trust invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law or legal requirements.

(h) Trustor irrevocably submits to jurisdiction and venue in the State of California for any legal action relating to this Deed of Trust, the Note, or any other Loan Documents. Trustor waives any defense or objection to jurisdiction or venue based on the doctrine of "forum non conveniens", and Trustor stipulates that any state court in the State of California and any federal court sitting in the State of California will have personal jurisdiction over Trustor for the purpose of litigating any dispute or controversy arising out of this Deed of Trust, the Note, or any other Loan Documents. Trustor agrees that if Trustor commences or maintains any action or proceeding arising out of this Deed of Trust, the Note, or the other Loan Documents in any forum other than a state or federal court in California, Beneficiary will be entitled to the removal, dismissal, or stay of the action. The foregoing will not be construed to limit the applicability of any alternative dispute resolution procedures established in the other Loan Documents, nor from precluding Beneficiary from bringing an action or proceeding with respect hereto in any other jurisdiction.

(i) The lien of this Deed of Trust is and will remain a valid first priority and senior mortgage and deed of trust on the Trust Property.

44. **Foreclosure Procedures.** To the extent that the provisions of this Deed of Trust are inconsistent with Washington law, with regard to real property foreclosure they shall be disregarded and the applicable provisions of Washington law shall be substituted therefor.

45. **Use of Trust Property.** The Trust Property is not used principally for agricultural purposes.

46. **Assignment of Leases Perfected.** The assignment by Borrower of leases and rents under this Deed of Trust is intended to be perfected upon the recording of this Deed of Trust.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]

SIGNATURES ARE ON FOLLOWING PAGE]

**SIGNATURE PAGE TO
DEED OF TRUST AND ASSIGNMENT OF RENTS
AND SECURITY AGREEMENT AND FIXTURE FILING**

This Deed of Trust is executed and delivered by Trustor as of the Date indicated on the first page.

TRUSTOR:

PORTER'S REAL ESTATE 1, LLC,
an Oregon limited liability company

By: American Retail Services, LLC
a Delaware limited liability company
Its Manager

By: [Signature]
Print Name: Howard Noble
Its: manager

**CALIFORNIA ALL-PURPOSE
CERTIFICATE OF ACKNOWLEDGMENT**

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

STATE OF CALIFORNIA

COUNTY OF _____

On _____, 20__, before me, _____,
(Here insert name and title of the officer)

personally appeared _____,

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

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

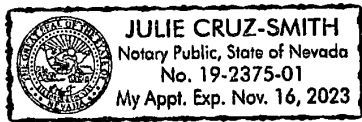
WITNESS my hand and official seal

Signature of Notary Public

(Notary Seal)

State of Nevada
County of Clark } SS.

Name of Signer No. 2 (if any)



Place Notary Seal and/or Stamp Above

Signature of Notary Public

~~OPTIONAL~~

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

EXHIBIT "A"**TO
DEED OF TRUST AND ASSIGNMENT OF RENTS
AND SECURITY AGREEMENT AND FIXTURE FILING****PARCEL A:**

Lots 1, 2 and 3, EXCEPT the West 3 feet of said Lot 3, in Block 9, FIRST ADDITION TO THE CITY OF ANACORTES, according to the plat thereof, recorded in Volume 1 of Plats, page 24, records of Skagit County, Washington.

Situated in Skagit County, Washington.

PARCEL B:

The North 30 feet of Lots 1, 2 and 3, Block 2, PLAT OF HENSLER'S FIRST ADDITION TO THE CITY OF ANACORTES, according to the plat thereof, recorded in Volume 3 of Plats, page 46, records of Skagit County, Washington;

TOGETHER WITH the 16 foot wide vacated alley lying between Parcels A and B.

Situated in Skagit County, Washington.

PARCEL C:

The West 3 feet of Lot 3, all of Lot 4 and the East 10 feet of Lot 5, Block 9, FIRST ADDITION TO THE CITY OF ANACORTES, according to the plat thereof, recorded in Volume 1 of Plats, page 24, records of Skagit County, Washington;

TOGETHER WITH the North Half of vacated alley adjacent to the West 3 feet of Lot 3, vacated by Ordinance No. 1200, as would attach by operation of law.

Situated in Skagit County, Washington.