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Skagit County Auditor

When Recorded Mail To:
Northwest Business Development Assoc.
9019 E. Appleyway Blvd., Suite 200
Spokane Valley, Washington 99212

Land Title and Escrow

01-179217-0

ASSIGNMENT OF RENTS
FOR SECURITY PURPOSES ONLY

Reference #: _____ Additional on page _____
Grantor: JASON E. SLOTEMAKER, a single man
Grantee: Northwest Business Development Association
Additional on page _____

Abbreviated Legal Description:

Ptn Gov. Lot 1, 30-35-2 E.W.M.

For a full legal description please see Exhibit "C" attached hereto and made a part herein by reference.

Assessor's Parcel No.: 350230-0-192-0009, P33166

This Assignment of Rents is dated July 24, 2020, between JASON E. SLOTEMAKER, a single man, whose mailing address is 2908 Commercial Avenue, Anacortes, WA 98221-2738, (referred to as "Grantor"); and Northwest Business Development Association, a Washington non profit corporation, whose address is 9019 E. Appleyway Blvd., Suite 200, Spokane Valley, Washington 99212, (referred to below as "Grantee").

ASSIGNMENT: For valuable consideration, Grantor assigns for security purposes only and conveys to Grantee all of the Grantor's right, title, and interest in and to the Rents and Lease payments from the following described Property located in Skagit County, State of Washington:

For a full legal description please see Exhibit "C" attached hereto and made a part herein by reference.

This property is commonly known as 2908 Commercial Avenue, Anacortes, WA 98221-2738.

DEFINITIONS: The following words shall have the following meanings when used in this Assignment. Terms not otherwise defined in the Assignment shall have the meanings attributed to such terms in the Uniform Commercial Code. All references to dollar amounts shall mean amounts in lawful money of the United States of America.

Assignment. The word "Assignment" means this Assignment of Rents between Grantor and Grantee, and includes without limitation all assignments and security interest provisions relating to the Rents.

Event of Default. The words "Event of Default" mean and include any of the Events of Default set forth below in the section titled "Events of Default."

Grantor. The word "Grantor" means JASON E. SLOTEMAKER, a single man.

Indebtedness. The word "indebtedness" means all principal and interest payable under the Note and any amounts expended or advanced by Grantee to discharge obligations of JASON E. SLOTEMAKER or expenses incurred by Grantee to enforce obligations of JASON E. SLOTEMAKER under this Assignment, together with interest on such amount as provided in this Assignment. In addition to the Note, the word "indebtedness" includes all obligations, debts and liabilities, plus interest thereon, of JASON E. SLOTEMAKER or any one or more of them, whether arising now or later, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, absolute or contingent, liquidated or unliquidated and whether Grantor may be liable individually or jointly with other, whether obligated as guarantor or otherwise, and whether recovery upon such indebtedness may be or hereafter may become barred by any statute of limitations, and whether such indebtedness may be or hereafter may become otherwise unenforceable.

Grantee. The word "Grantee" means the Northwest Business Development Association, its successor and assigns.

Note. The word "Note" means the promissory note dated July 24, 2020, in the original principal amount of \$227,000.00 from JASON E. SLOTEMAKER, to Grantee, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

Property. The word "Property" means the real property, and all improvements thereon, described above in the "Assignment" section.

Real Property. The words "Real Property" mean the property, interests and rights described above in the "Property Definition" section.

Related Documents. The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, guaranties, security agreement, mortgages, deeds of trust, and as other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

Rents. The word "Rents" means all rents, revenues, income, issues, and profits from the Property, whether due now or later, including without limitation all Rents from all leases now existing or subsequently entered into which may be described on any exhibit or schedule attached to this Assignment.

THIS ASSIGNMENT IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF GRANTOR UNDER THE NOTE, THIS ASSIGNMENT, AND THE RELATED DOCUMENTS. THIS ASSIGNMENT IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS.

THE GRANTOR WILL RETAIN PROCEEDS SO LONG AS THIS LOAN IS NOT IN DEFAULT.

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Assignment, Grantor shall pay to Lender all amounts secured by this Assignment as they become due, and shall strictly perform all of Grantor's obligations under this Assignment. Unless and until Grantee exercises its right to collect the Rents as provided below and so long as there is no default under this Assignment, Grantor may remain in possession and control of and operate and manage the Property and collect the Rents, provided that the granting of the right to collect the Rents shall not constitute Lender's consent to the use of cash collateral in a bankruptcy proceeding. GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE RENTS. With respect to the Rents, Grantor represents and warrants to Lender that:

Ownership. Grantor is entitled to receive the Rents free and clear of all rights, loans, liens, encumbrances, and claims except as disclosed to and accepted by Grantee in writing.

Right to Assign. Grantor has the full right, power, and authority to enter into this Assignment and to assign and convey the Rents to Grantee.

No Prior Assignment. Grantor has not previously assigned or conveyed the Rents to any other person or entity except to the first mortgage lender.

No Further Transfer. Grantor will not sell, assign, encumber, or otherwise dispose of any of Grantor's rights in the Rents except as provided in this Agreement.

GRANTEE'S RIGHT TO COLLECT RENTS. Grantee shall have the right at any time, and even though no default shall have occurred under this Assignment, to collect and receive the Rents. For this purpose, Grantee is hereby given and granted the following rights, powers and authority:

Notice to Tenants. Grantee may send notices to any and all tenants of the Property advising them of this Assignment and directing all Rents to be paid directly to Grantee or Grantee's agent.

Enter the Property. Grantee may enter upon and take possession of the Property; demand, collect and receive from the tenants or from any other persons liable therefor, all of the Rents; institute and carry on all legal proceedings necessary for the protection of the Property, including such proceedings as may be necessary to recover possession of the Property; collect the Rents and remove any tenant or tenants or other persons from the Property.

Maintain the Property. Grantee may enter upon the Property to maintain the Property and keep the same in repair; to pay the costs thereof and of all services of all employees, including their equipment, and of all continuing costs and expenses of maintaining the Property in proper repair and condition, and also to pay all taxes, assessments and water utilities, and the premiums on fire and other insurance effected by Grantee on the Property.

Compliance with Laws. Grantee may do any and all things to execute and comply with the laws of the State of Washington and also all other laws, rules, orders, ordinances and requirements of all other governmental agencies affecting the Property.

Lease the Property. Grantee may rent or lease the whole or any part of the Property for such term or terms and on such conditions as Grantee may deem appropriate.

Employ Agents. Grantee may engage such agent or agents as Grantee may deem appropriate, either in Grantee's name or in Grantor's name, to rent and manage the Property, including the collection and application of Rents.

Other Acts. Grantee may do all such other things and acts with respect to the Property as Grantee may deem appropriate and may act exclusively and solely in the place and stead of Grantor and to have all of the powers of Grantor for the purposes stated above.

No Requirement to Act. Grantee shall not be required to do any of the foregoing acts or things, and the fact that Grantee shall have performed one or more of the foregoing acts or things shall not require Grantee to do any other specific act or thing.

APPLICATION OF RENTS. All costs and expenses incurred by Grantee in connection with the Property shall be for Grantor's account and Grantee may pay such costs and expenses from the Rents. Grantee, in its sole discretion, shall determine the application of any and all Rents received by it; however, any such Rents received by Grantee which are not applied to such costs and expenses shall be applied to the indebtedness. All expenditures made by Grantee under this Assignment and not reimbursed from the Rents shall become a part of the indebtedness secured by this Assignment, and shall be payable on demand, with interest at the Note rate from date of expenditure until paid.

FULL PERFORMANCE. If Grantor pays all of the indebtedness when due and otherwise performs all the obligations imposed upon Grantor under this Assignment, the Note, and the Related Documents, Grantee shall execute and deliver to Grantor a suitable satisfaction of this Assignment and suitable statements of termination of any financing statement on file evidencing Grantee's security interest in the Rents and Property. Any termination fee required by law shall be paid by Grantor, if permitted by applicable law.

EXPENDITURES BY LENDER. If Grantor fails to comply with any provision of this Assignment, or if any action or proceeding is commenced that would materially affect Grantee's interests in the Property, Grantee on Grantor's behalf may, but shall not be required to, take any action that Grantee deems appropriate. Any amount that Grantee expends in so doing will bear interest at the rate charged under the Note from the date incurred or paid by Grantee to the date of repayment by Grantor. All such expenses, at Grantee's option, will (a) be payable on demand, (b) be added to

the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (i) the term of any applicable insurance policy or (ii) the remaining term of the Note, or (c) be treated as a balloon payment which will be due and payable at the Note's maturity. This Assignment also will secure payment of these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Grantee may be entitled on account of the default. Any such action by Grantee shall not be construed as curing the default so as to bar Grantee from any remedy that it otherwise would have had.

DEFAULT. Each of the following, at the option of Grantee, shall constitute an event of default ("Event of Default") under this Assignment:

Default on Indebtedness. Failure of Grantor to make any payment when due on this indebtedness.

Compliance Default. Failure to comply with any other term, obligation, covenant or condition contained in this Assignment, the Note or in any of the Related Documents. If such a failure is curable and if Grantor has not been given a notice of a breach of the same provision of this Assignment within the preceding twelve (12) months, it may be cured (and no Event of Default will have occurred). If Grantor, after Grantee sends written notice demanding cure of such failure: (a) cures the failure within fifteen (15) days, or (b) if the cure requires more than fifteen (15) days immediately initiates steps sufficient to cure the failure and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

Breaches. Any warranty, representation or statement made or furnished to Grantee by or on behalf of Grantor under this Assignment, the Note or the Related Documents is, or at the time made or furnished was, false in any material respect.

Other Defaults. Failure of Grantor to comply with any term, obligation, covenant, or condition contained in any other agreement between Grantor and Grantee.

Insolvency. The insolvency of Grantor, appointment of a receiver for any part of Grantor's property, an assignment for the benefit of creditors, the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor, or the dissolution or termination of Grantor's existence as a going business (if Grantor is a business). Except to the extent

prohibited by federal law or Washington law, the death of any Grantor (if Grantor is an individual) also shall constitute an Event of Default under this Assignment.

Foreclosures, etc., Commencement of foreclosure, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor against any of the Property. However, this subsection shall not apply in the event of a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the foreclosure, provided that Grantor gives Grantee written notice of such claim and furnishes reserves or a surety bond for the claim satisfactory to Lender.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or such Guarantor dies or becomes incompetent or any Guarantor revokes any guaranty of the Indebtedness. Grantee, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Grantee, and, in doing so, cure the Event of Default.

Insecurity. Lender in good faith deems itself insecure.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default and at any time thereafter, Grantee may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Grantee shall have the right at its option without notice to Grantor to declare the entire indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

Collect Rents. Grantee shall have the right, without notice to Grantor, to take possession of the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Grantee's costs, against the indebtedness. In furtherance of this right, Grantee may require any tenant or other user of the Property to make payments of rent or use fees directly to Grantee. If the Rents are collected by Grantee, then Grantor irrevocably designates Grantee as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Grantee in response to Grantee's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Grantee may exercise its rights under this subparagraph

either in person, by agent, or through a receiver.

Appoint Receiver. Grantee shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the indebtedness. The receiver may serve without bond if permitted by law. Grantee's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Grantee shall not disqualify a person from serving as a receiver.

Other Remedies. Grantee shall have all other rights and remedies provided in this Assignment or the Note or by law.

Waiver, Election of Remedies. A waiver by any party of a breach of a provision of this Assignment shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Grantee to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Grantor under this Assignment after failure of Grantor to perform shall not affect Grantee's right to declare a default and exercise its remedies under this Assignment.

Attorney's Fees; Expenses. If Grantee institutes any suit or action to enforce any of the terms of this Assignment, Grantee shall be entitled to recover attorney's fees at trial and on any appeal. Whether or not any court action is involved, all reasonable expenses incurred by Grantee that in Grantee's opinion are necessary at any time for the protection of its interest or the enforcement of this rights shall become a part of the indebtedness payable on demand and shall bear interest from the date of expenditure until repaid at the Note rate. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law. Grantee's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, and title insurance, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Assignment.

Amendments. This Assignment, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Assignment. No alteration of or amendment to this Assignment shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Applicable Law. The loan secured by this lien was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations:

- a) When SBA is the holder of the Note, this document and all documents evidencing or securing this Loan will be construed in accordance with federal law.
- b) CDC or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect to this Loan.

Multiple Parties. All obligations of Grantor under this Assignment shall be joint and several, and all references to Grantor shall mean each and every Grantor. This means that each of the persons signing below is responsible for all obligations in this Assignment. Where any one or more of the Grantors are corporations or partnerships, it is not necessary for Grantee to inquire into the powers of any of the Grantors or of the officers, directors, partners, or agents acting or purporting to act on their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this assignment.

No Modification. Grantor shall not enter into any agreement with the holder of any mortgage, deed of trust, or other security agreement which has priority over this Assignment by which that agreement is modified, amended, extended, or renewed without the prior written consent of Grantee. Grantor shall neither request nor accept any future advances under any such security agreement without the prior written consent of Grantee.

Severability. If a court of competent jurisdiction finds any provision of this Assignment to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provision of this Assignment in all other respects shall remain valid and enforceable.

Successors and Assigns. Subject to the limitations stated in this Assignment on transfer of Grantor's interest, this Assignment shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Grantee, without notice to Grantor, may deal with Grantor's successors with reference to this Assignment and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Assignment or liability under the indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Assignment.

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Washington as to all indebtedness secured by this Assignment.

Waivers and Consents. Grantee shall not be deemed to have waived any rights under this Assignment (or under the related Documents) unless such waiver is in writing and signed by Grantee.

No delay or omission on the part of the Grantee in exercising any right shall operate as a waiver of such right or any other right. A waiver by any party of a provision of this Assignment shall not constitute a waiver of such right or any other right. A waiver by any party of a provision of this Assignment shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. No prior waiver by Grantee, nor any course of dealing between Grantee or Grantor, shall constitute a waiver of any of Grantee's rights or any of Grantor's obligations as to any future transactions. Whenever consent by Grantee is required in this Assignment, the granting of such consent by Grantee in any instance shall not constitute continuing consent to subsequent instances where such consent is required.

EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS

EXHIBIT C

All that portion of Government Lot 1, Section 30, Township 35 North, Range 2 East, W.M., described as follows:

Beginning at a point on the West line of Commercial Avenue at a point 107.86 feet North of the North line of 30th Avenue produced;
thence North 89°42'30" West 120 feet to the East line of the North and South alley in Block 10, "PLAT OF HENSLER'S FIRST ADDITION TO THE CITY OF ANACORTES, SKAGIT CO., WASH.," as per plat recorded in Volume 3 of Plats, page 46, records of Skagit County, Washington, produced Southerly;
thence North 0°17'30" East along said East line of alley produced to the extended South line of 29th Street;
thence East along said South line of 29th Street to the West line of Commercial Avenue;
thence South along the West line of Commercial Avenue to the point of beginning.

Situate in the City of Anacortes, County of Skagit, State of Washington.