

AFTER RECORDING RETURN TO:

Susan McCulloch
Washington Federal Bank, National Association
1500 Cornwall Avenue
Bellingham, WA 98225

Document Title: Deed of Trust	GNW 20-6083
Reference Number of Related Document: n/a	
Grantor(s): 1. MBH Group LLC	
Grantee(s): 1. Washington Federal Bank, National Association, Beneficiary 2. LPSL Corporate Services, Inc., Trustee	
Abbreviated Legal Description: Portion of Southeast 1/4 of Sec. 30, Twp. 34 N., R. 4 E. W.M. <i>See <u>Exhibit A</u> for full legal description.</i>	
Assessor's Property Tax Parcel/Account Number(s): 340430-0-011-0015 (P28788); 340430-0-010-0005 (P28882); and 340430-0-070-0100 (P126105)	

DEED OF TRUST

THIS DEED OF TRUST is dated as of July 29, 2020, by and among MBH Group LLC, a Washington limited liability company, whose mailing address is 1111 Cleveland Ave, Suite 203, Mount Vernon, WA 98273 ("Grantor"), Washington Federal Bank, National Association, whose mailing address is 425 Pike Street, Seattle, WA 98101 (hereinafter "Lender" or "Beneficiary"), and LPSL Corporate Services, Inc., whose mailing address is 1420 5th Avenue, Suite 4200, Seattle, WA 98101 ("Trustee").

CONVEYANCE AND GRANT. For valuable consideration, Grantor conveys to Trustee in trust with power of sale, right of entry and possession and for the benefit of Lender as Beneficiary, to secure the Indebtedness and other obligations described herein, all of Grantor's right, title, and interest in and to the real property situated in Skagit County, State of Washington, which is legally described on Exhibit A attached hereto and incorporated herein by reference (the "Real Property"), together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, profits and Personal Property relating to the real property, including, without limitation, all minerals, oil, gas, geothermal and similar matters.

The Real Property or its address is commonly known as 322 East Blackburn Road, Mount Vernon, WA 98273 and 2201 Gunn Road, Mount Vernon, WA 98273.

The Real Property tax account numbers are 340430-0-011-0015 (P28788); 340430-0-010-0005 (P28882); and 340430-0-070-0100 (P126105).

THIS DEED OF TRUST IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS, AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTES, THE RELATED DOCUMENTS, AND THIS DEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Deed of Trust, Grantor shall pay to Lender all amounts secured by this Deed of Trust as they become due, and shall strictly and in a timely manner perform all of Borrower's obligations under the Notes, this Deed of Trust, and the Related Documents.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; and (2) use, operate or manage the Property. The following provisions relate to the use of the Property or to other limitations on the Property. The Real Property is not used principally for agricultural purposes.

Duty to Maintain. Grantor shall maintain the Property in good condition and promptly perform all necessary repairs, replacements, and maintenance necessary to preserve its value.

Compliance With Environmental Laws. Grantor represents and warrants to Lender that: (1) during the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including, without limitation, all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property, with advance written notice, to make such inspections and tests, at Grantor's expense, if reasonably necessary, to allow Lender to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Deed of Trust, including the obligation to indemnify, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property that will substantially affect the value of the Property, without Lender's prior written consent, other than those improvements that in the sole opinion of the Grantor are considered derelict or dangerous buildings that are not intended for use and/or are not intended to be maintained for any future use of the subject property.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times, upon at least 5 days advance written notice to

Grantor, to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

Compliance with Governmental Requirements. Grantor shall promptly comply, and shall promptly cause compliance by all agents, tenants or other persons or entities of every nature whatsoever who rent, lease or otherwise use or occupy the Property in any manner, with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including, without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, if necessary, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Subject to the terms of the Intercreditor Agreement, unless Lender consents to a sale in writing, Lender may, at Lender's option, (A) declare immediately due and payable all sums secured by this Deed of Trust, or (B) increase the interest rate provided for in the Notes or other document evidencing the Indebtedness and impose such other conditions as Lender deems appropriate, upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property, whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of such Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Washington law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Deed of Trust:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), liens and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust, except for (i) the lien of Peoples Bank pursuant to that certain Deed of Trust dated as of April 13, 2007, and recorded on May 10, 2007, in the Official Records of Skagit County, Washington under instrument number 200705100147, (ii) the

lien of Peoples Bank pursuant to that certain Deed of Trust dated as of March 27, 2008, and recorded on March 28, 2008, in the Official Records of Skagit County, Washington under instrument number 200803280157 (all Peoples Bank liens shall be cumulatively referred to herein as the "Peoples Bank Liens"), (iii) the lien of taxes and assessments not yet due, and (iv) except as otherwise provided in this Deed of Trust.

Right to Contest. Grantor may withhold payment of any tax, assessment or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender, at any time, a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Deed of Trust.

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a fair value basis for the full insurable value covering all Improvements on the Real Property as currently required under the first-position deed of trust on the Real Property, or, if no such first-position deed of trust currently exists, as currently maintained, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as currently required under the first-position deed of trust on the Real Property, or, if no such first-position deed of trust currently exists, as currently maintained, with Trustee and Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including, without limitation, hazard, business interruption and boiler insurance (if boilers are present), as currently required under the first-position deed of trust on the Real Property, or, if no such first-position deed of trust currently exists, as currently maintained. Policies shall be written in form, amounts, coverages and basis currently required under the first-position deed of

trust on the Real Property, or, if no such first-position deed of trust currently exists, as currently maintained. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, in such amount as Lender shall require, up to the maximum policy limits available and set under the National Flood Insurance Program or as otherwise required by Lender, and to maintain such insurance until the Indebtedness is satisfied in full.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. At Grantor's option, it shall repair or replace the damaged or destroyed improvements with use of insurance proceeds. Otherwise, Lender shall apply any insurance proceeds to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid without interest to Grantor as Grantor's interests may appear.

Grantor's Report on Insurance. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of Insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; and (4) the property insured, the then current replacement value of such property, and the manner or determining that value; and (5) the expiration date of the policy.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property, or if Grantor or Borrower fails to comply with any provision of this Deed of Trust, the Notes, the Plan Settlement Agreement, or the Plan, including, without limitation, any failure of Grantor or Borrower to discharge or pay when due any amounts Grantor or Borrower, as applicable, is required to discharge or pay under this Deed of Trust, the Plan Settlement Agreement, the Plan, or the Notes, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying any taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Notes from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Notes and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy, or (2) the remaining term of the Notes; or (C) be treated as a balloon payment which will be due and payable at the applicable Note's maturity. The Deed of Trust also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon an Event of Default.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Deed of Trust:

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report or final title opinion issued in favor of, and accepted by, Lender in connection with this Deed of Trust, and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lender under this Deed of Trust, Grantor, shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, warranties and agreements made by Grantor in this Deed of Trust shall survive the execution and delivery of this Deed of Trust shall be continuing in nature and shall remain in full force and effect until such time as the Indebtedness shall be paid in full.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Deed of Trust:

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice all at Grantor's expense, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all authorized senior liens against the Property, reasonable costs, expenses, and attorneys' fees incurred by Trustee or Lender in connection with the condemnation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Deed of Trust:

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Deed of Trust, including, without limitation, all taxes, fees, documentary stamps, and other charges for recording or registering this Deed of Trust.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Deed of Trust or upon all or any part of the Indebtedness secured by this Deed of Trust; (2) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the Indebtedness secured by this type of Deed of Trust; (3) a tax on this type of Deed of Trust chargeable against the Lender or the holder of the Notes; and (4) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Deed of Trust, Grantor shall either (1) pay the tax before it becomes delinquent, or (2) contest the tax as provided above in the Taxes and Liens section.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust:

Further Assurances. At any time, and from time to time, upon the request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, re-filed, or re-recorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Grantor's obligations under this Deed of Trust, and (2) the liens and security interests created by this Deed of Trust, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable in Lender's sole opinion to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If all of the Indebtedness is paid when due, and Grantor otherwise performs all of the obligations imposed under this Deed of Trust, Lender shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Personal Property. Any reconveyance fee shall be paid by Grantor as permitted by applicable law. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals in the reconveyance of any matters or facts shall be conclusive proof of the truthfulness of any such matters of fact.

GRANTOR DIFFERENT FROM OBLIGOR. As used in this Section, the term "Secured Obligations" shall mean all Indebtedness and any other amounts secured by this Deed of Trust; the term "Obligor" shall mean each person or entity obligated in any manner under any of the Secured Obligations; and the term "Third Party Grantor" shall mean (a) each person or entity included in the definition of Grantor herein and which is not an Obligor under all of the Secured Obligations, and (b) each person or entity included in the definition of Grantor herein if any Obligor is not included in said definition.

Representations and Warranties of Third Party Grantor. Each Third Party Grantor represents and warrants to Beneficiary that: (i) this Deed of Trust is executed at an Obligor's request; (ii) this Deed of Trust complies with all agreements between each Third Party Grantor and any Obligor regarding such Third Party Grantor's execution hereof; (iii) Beneficiary has made no representation to any Third Party Grantor as to the creditworthiness of any Obligor; and (iv) each Third Party Grantor has established adequate means of obtaining from each Obligor on a continuing basis financial and other information pertaining to such Obligor's financial condition. Each Third Party Grantor agrees to keep adequately informed from such means of any facts, events or circumstances which might in any way affect such Third Party Grantor's risks hereunder. Each Third Party Grantor further agrees that Beneficiary shall have no obligation to disclose to any Third Party Grantor any information or material about any Obligor which is acquired by Beneficiary in any manner. The liability of each Third Party Grantor set forth in this Deed of Trust shall be reinstated and revived, and the rights of Beneficiary shall continue if and to the extent that for any reason any amount at any time paid on account of any Secured Obligation is rescinded or must otherwise be restored by Beneficiary, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, all as though such amount had not been paid.

Waiver of Rights. Third Party Grantor waives any right to require Beneficiary to: (i) proceed against any Obligor or any other person; (ii) marshal assets or proceed against or exhaust any security held from any Obligor or any other person; (iii) give notice of the terms, time and place of any public or private sale or other disposition of personal property security held from any Obligor or any other person; (iv) take any other action or pursue any other remedy in Beneficiary's power; or (v) make any presentment or demand for performance, or give any notice of nonperformance, protest, notice of protest or notice of dishonor hereunder or in connection with any obligations or evidences of indebtedness held by Beneficiary as security for or which constitute in whole or in part the Secured Obligations, or in connection with the creation of new or additional obligations.

Waiver of Defenses. Third Party Grantor waives any defense to its obligations under the terms of this Deed of Trust based upon or arising by reason of: (i) any disability or other defense of any Obligor or any other person; (ii) the cessation or limitation from any cause whatsoever, other than payment in full, of any Secured Obligation; (iii) any lack of authority of any officer, director, partner, agent or any other person acting or purporting to act on behalf of any Obligor which is a corporation, partnership or other type of entity, or any defect in the formation of any such Obligor; (iv) the application by any Obligor of the proceeds of any Secured Obligation for purposes other than the purposes represented by any Obligor to, or intended or understood by, Beneficiary or any Third Party Grantor; (v) any act or omission by Beneficiary which directly or indirectly results in or aids the discharge of any Obligor or any portion of any Secured Obligation by operation of law or otherwise, or which in any way impairs or suspends any rights or remedies of Beneficiary against any Obligor; (vi) any impairment of the value of any interest in any security for the Secured Obligations or any portion thereof, including without limitation, the failure to obtain or maintain perfection or recordation of any interest in any such security, the release of any such security without substitution, and/or the failure to preserve the value of, or to comply with applicable law in disposing of, any such security; (vii) any modification of any Secured Obligation, in any form whatsoever, including without limitation the renewal, extension, acceleration or other change in time for payment of, or other change in the terms of, any Secured Obligation or any portion thereof, including increase or decrease of the rate of interest thereon; or (viii) any requirement that Beneficiary give any notice of acceptance of this Deed of Trust. Until all Secured Obligations shall have been paid in full, no Third Party Grantor shall have any right of subrogation, and each Third Party Grantor waives any right to enforce any remedy which Beneficiary now has or may hereafter have against any Obligor or any other person, and waives any benefit of, or any right to participate in, any security now or hereafter held by Beneficiary. Each Third Party Grantor further waives all rights and defenses it may have arising out of (a) any election of remedies by Beneficiary, even though that election of remedies, such as a non-judicial foreclosure with respect to any security for any portion of the Secured Obligations, destroys such Third Party Grantor's rights of subrogation or such Third Party Grantor's rights to proceed against any Obligor for reimbursement, or (b) any loss of rights any Third Party Grantor may suffer by reason of any rights, powers or remedies of any Obligor in connection with any anti-deficiency laws or any other laws limiting, qualifying or discharging any Obligor's obligations, whether by operation of the Washington Deed of Trust Act at Chapter 61.24 RCW as from time to time amended, or otherwise, including any rights any Third Party Grantor may have to a fair market value hearing to determine the size of a deficiency following any trustee's foreclosure sale or other disposition of any security for any portion of the Secured Obligations.

Effectiveness. If any of said waivers is determined to be contrary to any applicable law or public policy, such waiver shall be effective to the extent permitted by applicable law or public policy.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Deed of Trust:

Payment Default. Borrower fails to make any payment when due under the Notes.

Plan and Other Defaults. Borrower defaults under the terms of the Plan and the Plan Settlement Agreement, or under the terms of the Forbearance Agreement.

Default on Other Payments. Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Deed of Trust or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished.

Defective Collateralization. This Deed of Trust or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The appointment of a receiver for any part of the Property, any assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor or Borrower, after the date hereof.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against the Property; provided however, condemnation or other governmental action for a reason other than Grantor's default or noncompliance with applicable law shall not constitute an Event of Default hereunder. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Deed of Trust, at any time thereafter, Trustee or Lender may exercise any one or more of the following rights and remedies:

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor, under this Deed of Trust after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

Foreclosure. With respect to all or any part of the Real Property, the Trustee shall have the right to exercise its power of sale and to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure in either case in accordance with and to the full extent provided by applicable law.

UCC Remedies. With respect to any part of the Personal Property granted as collateral under this Deed of Trust, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Appoint Plan Administrator. Lender shall have the right to have a plan administrator appointed in accordance with the terms of the Plan and Plan Settlement Agreement.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the demand of Lender.

Other Remedies. Trustee or Lender shall have any other right or remedy provided in this Deed of Trust, the Notes, the Plan, or any other Related Documents.

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the applicable Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses 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, life insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

Rights of Trustee. Trustee shall have all of the rights and duties of Lender as set forth in this section.

POWERS AND OBLIGATIONS OF TRUSTEE. The following provisions relating to the powers and obligations of Trustee (pursuant to Lender's instructions) are part of this Deed of Trust:

Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the

written request of Lender and Grantor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Lender, or Trustee shall be a party, unless required by applicable law, or unless the action or proceeding is brought by Trustee.

Trustee. Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

Successor Trustee. Lender, at Lender's option, may from time to time appoint a successor trustee to any Trustee appointed under this Deed of Trust by an instrument executed and acknowledged by Lender and recorded in the office of the recorder of Skagit County, State of Washington. The instrument shall contain, in addition to all other matters required by state law, the names of the original Lender, Trustee, and Grantor, the book and page or the Auditor's File Number where this Deed of Trust is recorded, and the name and address of the successor trustee, and the instrument shall be executed and acknowledged by Lender or its successors in interest. The successor trustee, without conveyance of the Property, shall succeed to all the title, power, and duties conferred upon the Trustee in this Deed of Trust and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

NOTICES. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, any notice required to be given under this Deed of Trust, including, without limitation, any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust. All copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust shall be sent to Lender's address, as shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Deed of Trust:

Amendments. This Deed of Trust, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust 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.

Caption Headings. Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

Merger. There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Governing Law. This Deed of Trust will be governed by, construed and enforced in accordance with federal law and the laws of the State of Washington. This Deed of Trust has been accepted by Lender in the State of Washington.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Deed of Trust unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Deed of Trust shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Deed of Trust. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in any cases such consent may be granted or withheld in the sole discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Deed of Trust to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Deed of Trust. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Deed of Trust shall not affect the legality, validity or enforceability of any other provision of this Deed of Trust.

Successors and Assigns. Subject to any limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust 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, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the Indebtedness.

Time Is of the Essence. Time is of the essence in the performance of this Deed of Trust.

Waive Jury. All parties to this Deed of Trust hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

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 Deed of Trust.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Deed of Trust. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code:

Beneficiary. The word "Beneficiary" means Washington Federal Bank, National Association, and its successors and assigns.

Borrower. The word "Borrower" means Daniel Mitzel, Patricia Burklund and Hansell/Mitzel, LLC, jointly and severally, and all other persons and entities signing the Notes in whatever capacity.

Deed of Trust. The words "Deed of Trust" mean this Deed of Trust by and among Grantor, Lender, and Trustee, and includes, without limitation, all assignment and security interest provisions relating to the Personal Property.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state and federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Deed of Trust in the section titled "Events of Default."

Grantor. The word "Grantor" means MBH Group LLC, a Washington limited liability company.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when

improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

HG Note. The words "HG Note" mean that certain HG Default Rate Note dated as of October 31, 2017, executed by Borrower and payable to the order of Lender, in the stated principal amount of \$2,686,150.76, as supplemented by the Plan Settlement Agreement.

Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Notes or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Notes or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Trustee or Lender to enforce Grantor's obligations under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust.

Lender. The word "Lender" means Washington Federal Bank, National Association, its successors and assigns.

NH Notes. The words "NH Notes" mean that certain NH Restructured Note dated as of October 31, 2017, executed by Borrower and payable to the order of Lender, in the stated principal amount of \$3,378,208.38, and that certain NH Default Rate Note dated as of October 31, 2017, executed by Borrower and payable to the order of Lender, in the stated principal amount of \$1,544,501.68, as supplemented by the Plan Settlement Agreement.

Notes. The word "Notes" means the HG Note, NH Notes, Eagle Heights Claim and Sunrise Meadows Claim (as each is defined in the Plan Settlement Agreement), together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for such promissory notes or agreements.

Personal Property. The words "Personal Property" mean all general intangibles, payment rights, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter used in connection with, or attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all issues and profits thereon and proceeds (including, without limitation, all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property; provided, however, "Personal Property" shall not include equipment and other goods stored on and unaffixed to the Real Property, and used in connection with Grantor's business operations.

Plan. The word "Plan" means that certain Debtors' Third Amended Joint Plan of Reorganization filed on October 18, 2017, in the United States Bankruptcy Court for the Western District of Washington under case number 16-16311-TWD, as modified by the Plan Settlement Agreement, as amended on October 19, 2017, and as confirmed pursuant to that certain Order of Confirmation entered on October 24, 2017, in such case.

Plan Settlement Agreement. The words "Plan Settlement Agreement" mean that certain Plan Settlement Agreement dated as of October 2, 2017, together with all addenda thereto.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Deed of Trust.

Related Documents. The words "Related Documents" mean the Plan, and all documents executed in connection with the Plan and Notes, whether now or hereafter existing.

Trustee. The word "Trustee" means LPSL Corporate Services, Inc., whose mailing address is 1420 5th Avenue, Suite 4200, Seattle, WA 98101 and any substitute or successor trustees.

SUBORDINATION. This Deed of Trust is subject to the terms of that certain Intercreditor/Subordination Agreement dated as of July 27, 2020, and executed by Peoples Bank and Lender (the "Intercreditor Agreement"), the terms of which agreement are incorporated herein by this reference.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND GRANTOR AGREES TO ITS TERMS.

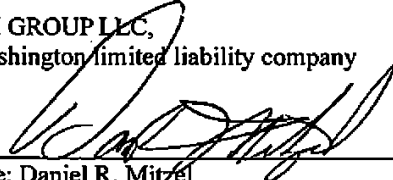
ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK; SIGNATURE(S) ON FOLLOWING PAGE]

EXECUTED as of the date first written above.

GRANTOR:

MBH GROUP LLC,
a Washington limited liability company

By: 

Name: Daniel R. Mitzel

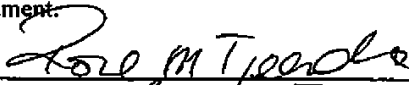
Title: Manager

STATE OF WASHINGTON)

COUNTY OF Stearns) ss.

I certify that I know or have satisfactory evidence that Daniel R. Mitzel is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the Manager of MBH Group LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: 7/29/20


Print Name: Rose M. Treadwell
NOTARY PUBLIC for the State of Washington,
residing at Dunbar
My appointment expires: 3/29/24

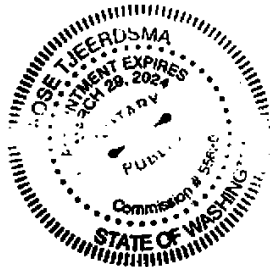


EXHIBIT "A"
LEGAL DESCRIPTION

The land referred to in this Deed of Trust is situated in the State of Washington, County of Skagit, and is legally described as follows:

PARCEL "M":

That portion of the Southeast ¼ of Section 30, Township 34 North, Range 4 East, W.M., described as follows:

Commencing at the Northeast corner of said subdivision; thence North 89°40'44" West, along the North line of said Southeast ¼, a distance of 505.95 feet; thence South 1°12'41" West, parallel with the West line of said East ½, a distance of 585.00 feet; thence North 89°40'44" West 10.27 feet to the West line of parcel conveyed to Skagit County by deed recorded under Auditor's File No. 593256 and the true point of beginning; thence continue North 89°40'44" West, parallel with the North line of said Southeast ¼ 358.19 feet to the center line of Cleveland Avenue produced South, as established in the City of Mount Vernon; thence South 1°53'07" West, along the center line of Cleveland Avenue produced South, a distance of 474.90 feet to the North line of that certain 25 acre parcel as described in warranty deed recorded under Auditor's File No. 139995, dated March 3, 1920; thence North 89°59'46" East, along said North line and said line produced, 644.95 feet, more or less, to the Westerly right-of-way of the Burlington Northern right-of-way; thence North 4°51'16" East, along said right-of-way, 176.15 feet to the South line of the North 2/3 of the Northeast ¼ of the Southeast ¼ of said Section 30; thence North 89°53'45" West, along the South line thereof, 292.25 feet to the West line of parcel conveyed to Skagit County by deed recorded under Auditor's File No. 593256; thence North 1°11'56" East, along the West line thereof, 296.61 feet to the true point of beginning.

EXCEPT any portion thereof lying within the existing and as-built right-of-way for Cleveland Ave.

PARCEL "N":

That portion of the Southeast ¼ of Section 30, Township 34 North, Range 4 East, W.M., described as follows:

Commencing at the Northeast corner of said subdivision; thence North 89°40'44" West, along the North line of said Southeast ¼, a distance of 505.95 feet; thence South 1°12'41" West, parallel with the West line of said East ½, a distance of 585.00 feet; thence North 89°40'44" West 10.27 feet to the West line of parcel conveyed to Skagit County by deed recorded under Auditor's File No. 593256; thence continue North 89°40'44" West, parallel with the North line of said Southeast ¼ 139.49 feet to the East line of the West ½ of the Northeast ¼ of the Southeast ¼ of said Section 30 and the true point of beginning; thence continue North 89°40'44" West 218.70 feet to the center line of Cleveland Avenue produced South, as established in the City of Mount Vernon; thence North 1°53'07" East, along the center line of Cleveland Avenue produced 345.15 feet to a point 240.00 feet from the intersection of the center line produced South of Cleveland Avenue, as established in the City of Mount Vernon, and the center line of said Section 30; thence South 89°40'44" East, parallel with the North line of said Southeast ¼, 214.64 feet to the East line of the West ½ of said Northeast ¼ of the Southeast ¼; thence South 1°12'41" West, along said line, a distance of 345.06 feet to the true point of beginning.

EXCEPT any portion thereof lying within the existing as-built right-of-way known as Cleveland Ave.