

After recording return to:

Kootenai County Title Co.  
Long term Escrow  
PO Box 1408  
Coeur D'Alene, ID 83816-1408

**DEED OF TRUST, ASSIGNMENT OF RENTS  
AND SECURITY AGREEMENT**

GNW 20-6816

THIS DEED OF TRUST, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT ("Deed of Trust") is made this September 30, 2020, between **Key Peninsula Properties, LLC**, a Washington limited liability company, whose address is 17643 W. Big Lake Blvd., Mount Vernon, Washington 98273 ("Grantor"), **Guardian Northwest Title & Escrow Company**, whose address is 1301 Riverside Drive, Suite B, Mount Vernon, WA 98273 ("Trustee"), and **Mary Luann Larson, Trustee of the Mary Luann Larson Revocable Trust** (as to 52%); **Mountain West IRA, Inc. FBO Chad Burd IRA** (as to 20%); **Cassandra T. Hollis** (as to 8%) and **Equity Trust Company Custodian FBO David A Duemling BENE IRA Marianne Duemling DCD** (as to 20%), each as their separate estates as to an undivided interest (collectively "Beneficiary").

**WITNESSETH**

Grantor irrevocably GRANTS, BARGAINS, SELLS, and CONVEYS TO TRUSTEE AND ITS SUCCESSORS IN TRUST, WITH POWER OF SALE, all of Grantor's estate, right, title, interest, claims, and demands in and to real property in the County of Skagit, State of Washington, more particularly described as follows:

Lot 23, Sauk Mountain View Estates North - a Planned Residential Development Phase V and Plat Alteration of Phase IV, recorded March 18, 2016 under Auditor's File No. 201603180044, records of Skagit County, Washington

Tax Account No.: P133174/6033-000-023-0000

(commonly known as 1470 West Gateway Heights Loop, Sedro-Wooley, WA 98837)

TOGETHER WITH ALL RIGHT, TITLE AND INTEREST OF GRANTOR NOW OWNED OR HEREAFTER ACQUIRED, IN AND TO:

1. All rents, issues, profits, royalties, income, and other benefits, unpaid, accrued, due or to become due, derived from the above-described real property (collectively called "rents"), subject to the right, power, and authority hereinafter given to Grantor to collect and apply such rents; and
2. All leases, subleases or licenses covering the above-described real property or any portion thereof now or hereafter existing or entered into; and all including, without limitation, all cash or security deposits, advance rentals, and deposits or payments of similar nature; and
3. All interests, estate, or other claims, both in law and in equity, in the above-described real property; and
4. All easements, rights-of-way and rights used in connection with the above-described real property or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto, and all water rights, claims, licenses, certificates, application, permits and shares of stock evidencing the same; and

5. All land lying within the right-of-way of any street, open or proposed, adjoining the above-described real property; and any and all sidewalks, alleys, and strips and gores of land adjacent to or used in connection with the above-described real property; and
6. All buildings and improvements now or hereafter erected on the above-described real property thereon, including, but not limited to, the furniture, fixtures, attachments, appliances, equipment, machinery, and other articles attached to the buildings and improvements (the "Improvements"); and
7. All tangible personal property (the "Personal Property") owned by Grantor and now or at any time hereafter located on or at the above-described real property or used in connection therewith including, but not limited to all machinery, office equipment, stoves, grills, dishwashers, fixtures, and trade fixtures, together with all parts, fittings, accessories, and special tools, including but not limited to rolling stock and all other equipment, wherever located, heating, refrigerating, electronic monitoring, window or structural cleaning rigs, maintenance, exclusion of vermin or insects, removal of dust, refuse or garbage, and all other equipment of every kind, lobby and all other indoor and outdoor furniture, including tables, chairs, booths, counters, planters, desks, sofas, shelves, lockers and cabinets, wall safes, furnishings, including appliances, fans, heaters, water heaters and incinerators, inventory, rugs, carpets and other floor coverings, draperies, drapery rods and brackets, awnings, window shades, venetian blinds, curtains, lamps, chandeliers and other lighting fixtures, and office maintenance and other supplies, insurance proceeds, all shrubbery and plants, and including also any such items hereafter at any time acquired under conditional sale contract, chattel mortgage or other title retaining or security instrument all as necessary for the operation of a building, and all building and land improvements located at the above-described real property, all of which property mentioned in this paragraph shall be deemed part of the realty and not severable wholly or in part without material injury to the freehold; and
8. All of the estate, interest, right, title, other claim or demand, including claims or demands with respect to the proceeds of insurance in effect with respect thereto in the above-described real property, and any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of the above-described real property, including, without limitation, any awards resulting from a change of grade of streets and awards for severance damages; and
9. All contracts, agreements, permits, drawings, surveys, engineering reports, and other work products relating to the construction of the existing or any future improvements on the above-described real property, any and all rights to performances and/or payment bonds issued in connection therewith; and all contract rights, chattel paper, rents, general intangibles, and all accounts now in existence or hereafter acquired which arise out of the operation of the above-described real property, including, by not limited to, all monies due and to become due thereunder and all guaranties and security for the payment of monies due thereunder.

The above-described estates, properties and interests conveyed to Trustee are referred herein to as "the Property".

**THE PROPERTY IS CONVEYED FOR THE PURPOSE OF SECURING:**

1. Payment of indebtedness in the total principal amount of Two Hundred Fifty Thousand Four and 00/100 Dollars (\$250,000) with interest thereon together with all costs, fees and attorney fees incurred by Beneficiary in enforcing the obligation evidenced by that certain Promissory Note of even date herewith (the "Note"), executed by Grantor, which has been delivered to, and is payable to the order of Beneficiary(ies) and which, by this reference, is made a part hereof, and any and all modifications, extensions and renewals thereof, with interest thereon payable monthly with the balance of the indebtedness, if not sooner paid, due and payable at maturity. All sums owed under the Note are due and payable in full on or before September 30, 2021, unless extended for six (6) months pursuant to the Note.
2. Payment of all sums which may become due from Grantor or advances by Beneficiary, or its successor, with interest thereon at the rate set forth in the Note, which include but are not limited to fire and other hazard insurance and taxes upon the Property herein described, according to the terms of this Deed of Trust; payment by Grantor of all attorneys' fees and costs incurred by Trustee or Beneficiary in foreclosing this Deed of Trust or realizing upon any of the collateral for the obligations which this Deed of Trust secures; payment by Grantor of all attorneys' fees and costs incurred by Trustee or Beneficiary in defending the priority or validity of this Deed of Trust or the title to the Property; payment by Grantor of all sums advanced by Beneficiary to or on behalf of Grantor for the purpose of clearing encumbrances or defects from the title to the Property where

Beneficiary, in good faith, believes such encumbrances to be superior to the lien of the Deed of Trust, including, without limitation, payment of ad valorem taxes and mechanics' or materialmen's liens which may have gained priority over the lien of this Deed of Trust; payment by Grantor of all attorneys' fees and costs incurred by Trustee or Beneficiary in any bankruptcy proceedings or any reorganization or arrangement proceeding under the Bankruptcy Act affecting Grantor, this Deed of Trust, or the covenant of Grantor herein contained or incorporated herein by reference and payment of all other sums advanced by Beneficiary to protect the Property, with interest thereon at the rate set forth in the Note.

3. Payment of all other sums, with interest thereon, which may hereafter be loaned to Grantor, its successors, or assigns, by Beneficiary, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

This Deed of Trust, the Note, and any other documents or instruments evidencing or further securing the payment and performance of the obligation secured hereby may hereinafter be referred to as the "Loan Documents."

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, GRANTOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

#### ARTICLE 1. COVENANTS AND AGREEMENTS OF GRANTOR

1.1 Warranties of Title and Authority. Grantor hereby represents and warrants that Grantor is lawfully seized of an indefeasible fee interest in the Property and that Grantor has the authority and right to execute and deliver this Deed of Trust; that Grantor shall defend the title to the Property against all claims and demands whatsoever; that the Property is free and clear of any and all liens, claims, encumbrances, restrictions, encroachments and interest whatsoever in favor of any third party except as may be described in the Title Insurance Policy, Order No. G-15855, as issued by Trustee and that any and all obligations Grantor may have incurred in connection with the Property are current and without default. In the event any Grantor is a partnership, a limited liability company or a corporation, each person executing this instrument on behalf of such entity individually and personally represents and warrants that this Deed of Trust and each other document signed in the name of such entity and delivered to evidence or further secure the obligations secured hereby is, in all respects, binding upon such entity as an act and obligation of said entity.

1.2 Presentation of Lien. Grantor will preserve and protect the priority of this Deed of Trust as a first lien on the Property.

1.3 Payment of Secured Obligations. To pay when due the principal of, and the interest on, the indebtedness evidenced by the Loan Documents; charges, fees, and all other sums as provided in the Loan Documents; and the principal of, and interest on any more advances secured by this Deed of Trust.

1.4 Maintenance, Repair, Alterations. To keep the Property in good condition and repair; not to remove, demolish, or substantially alter any of the Improvements; to complete promptly and in a good and workmanlike manner any building or other Improvements which may be constructed on the Property and promptly restore in like manner any Improvements which may be damaged or destroyed thereon; to pay when due all claims for labor performed and materials furnished therefore; to comply with all laws, ordinances, regulations, covenants, conditions, and restrictions now or hereafter affecting the Property or any part thereof or requiring any alterations or improvements; not to commit or permit any waste or deterioration of the Property; to keep and maintain abutting lands, side-walks, roads, parking and landscape areas owned by Grantor, in good and neat order and repair; to comply with the provisions of any lease; not to commit, suffer or permit any act to be done or omitted to be done in or upon the Property in violation of any law, ordinance or regulation.

1.5 Required Insurance. At all times to provide, maintain, and keep in force, or cause to be provided, maintained, and kept in force, the following policies of insurance:

- (a) Insurance against loss or damage to the Improvements by fire and any of the risks covered by insurance of the type now known as "broad form or extended coverage", in an amount not less than the greater of: (1) the original amount of the Note, or (2) one hundred percent (100%) of the full replacement cost of the Improvements (exclusive of the cost of excavations, foundations and footings below the lowest basement floor);

- (b) Comprehensive broad form general liability insurance covering the legal liability of Grantor against claims for bodily injury, death, or property damage occurring on, in, or about the Property with coverage of One Million Dollars (\$1,000,000) combined single limit, and naming Beneficiary an additional insured;
- (c) Insurance against loss or damage to the Personal Property by fire and other risks covered by insurance of the type now known as "broad form of extended coverage"; and
- (d) Business interruption income coverage in the amount of one (1) year's business income from the Property.

All policies of insurance required by the terms of this Deed of Trust shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of Grantor which might otherwise result in forfeiture of the insurance and the further agreement of the insurer waiving all rights of set-off, counterclaim, or deductions against Grantor (Non-Contributory Standard Mortgage Clause and Lender's Loss Payable Endorsement, Form 438 BFU NS, or their equivalent).

1.6 Policies of Insurance / Payment of Premiums. That all policies of insurance shall be issued by companies and in amounts in each company satisfactory to Beneficiary. All policies of insurance shall have attached thereto a lender's loss payable endorsement for the benefit of Beneficiary in form satisfactory to Beneficiary. Grantor shall furnish Beneficiary with evidence of insurance. If Beneficiary consents to Grantor providing any of the required insurance through blanket policies carried by Grantor and covering more than one (1) location, then Grantor shall furnish Beneficiary with a certificate of insurance for each such policy setting forth the coverage, the limits of liability, the name of the carrier, the policy number and the expiration date. At least thirty (30) days prior to the expiration of each such policy, Grantor shall furnish Beneficiary with evidence satisfactory to Beneficiary of the payment of premium and the re-issuance of a policy continuing insurance in force as required by this Deed of Trust. All such policies shall contain a provision that such policies will not be canceled or materially amended, which term shall include any reduction in the scope or limits of coverage without at least thirty (30) days' prior written notice to Beneficiary. In the event Grantor fails to provide, maintain, keep in force or deliver and furnish to Beneficiary evidence of insurance required by this section, Beneficiary may procure such insurance or single-interest insurance for such risks covering Beneficiary's interest, and Grantor will pay all premiums thereof promptly upon demand by Beneficiary and, until such payment is made by Grantor, the amount of all such premiums together with interest as provided in the Note, shall be secured by this Deed of Trust.

1.7 Assignment of Policies Upon Foreclosure. In the event of foreclosure of this Deed of Trust or other transfer of title or assignment of the Property in extinguishment, in whole or in part, of the debt secured hereby, all right, title, and interest of Grantor in and to all policies of insurance required by Section 1.6 shall inure to the benefit of and pass to the successors in interest to Grantor or the purchasers or grantees of the Property.

1.8 Indemnification: Subrogation: Waiver of Offset.

- (a) If Beneficiary is made a party defendant to any litigation concerning this Deed of Trust or the Property or any part thereof or interest therein, or the occupancy thereof by Grantor, then Grantor shall indemnify, defend and hold Beneficiary harmless from all liability by reason of the litigation, including attorney's fees and expenses incurred by Beneficiary in any such litigation, whether or not any such litigation is prosecuted to judgment. If Beneficiary commences an action against Grantor to enforce any of the terms hereof or because of the breach by Grantor of any of the terms hereof or for the recovery of any sum secured hereby, Grantor shall pay to Beneficiary attorney's fees and expenses incurred by Beneficiary, and such fees and expenses shall be deemed to have accrued on the commencement of such action, and shall be enforceable whether or not such action is prosecuted to judgment. If Grantor breaches any term of this Deed of Trust, Beneficiary may employ an attorney or attorneys to protect Beneficiary's rights hereunder and, in the event of such employment following any breach by Grantor, Grantor shall pay Beneficiary's attorney's fees and expenses incurred by Beneficiary, whether or not an action is actually commenced against Grantor by reason of breach.
- (b) Grantor waives any and all right to claim or recover against Beneficiary, its officers, employees, agents and representatives, for loss of or damage to Grantor, the Property, or the property of others under Grantor's control from any cause insured against or required to be insured against by the provisions of this Deed of Trust.

- (c) All sums payable by Grantor hereunder shall be paid without notice, demand, counterclaim, set-off, deduction or defense, and without abatement, suspension, deferment, diminution or reduction; and the obligations and liabilities of Grantor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (1) any damage to or destruction of or any condemnation or similar taking of the Property or any part thereof; (2) any restriction or prevention of or interference with any use of the Property or any part thereof; (3) any title defect or encumbrance or any eviction from the Property or the Improvements or any part thereof by title paramount or otherwise; (4) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation, or other like proceeding relating to Beneficiary, or any action taken with respect to this Deed of Trust by any trustee or receiver of Beneficiary, or by any court, in any such proceeding; (5) any claim which Grantor has or might have against Beneficiary; (6) any default or failure on the part of Beneficiary to perform or comply with any of any other agreement with Grantor; or (7) any other occurrence whatsoever, whether similar or dissimilar to the foregoing and whether or not Grantor shall have notice or knowledge of any of the foregoing. Except as expressly provided herein, Grantor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any sum secured hereby and payable by Grantor.

1.9 Taxes and Impositions.

- (a) Grantor shall pay or cause to be paid, at least ten (10) days prior to delinquency, all Property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, including, without limitation, non-governmental levies or charges resulting from covenants, conditions, and restrictions affecting the Property, which are assessed or imposed upon the Property or become due and payable, and which create, may create, or appear to create a lien upon the Property or any part thereof or upon the Personal Property, or any part thereof, or other facility owned by Grantor used in the operation or maintenance thereof (all of which taxes, assessments and other governmental charges of like nature are hereinafter referred to as "Imposition[s]"); provided however that if, by law, any such Imposition is payable or may, at the option of the taxpayer, be paid in installments, Grantor may pay or cause the same to be paid, together with any accrued interest on the unpaid balance of such Imposition, in installments as the same become due; and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest.
- (b) If, at any time after the date hereof, there shall be assessed or imposed: (1) a tax or assessment on the Property in lieu of or in addition to the Impositions payable by Grantor pursuant to subparagraph (a) of this Section 1.9; or (2) a license fee, tax or assessment imposed on Beneficiary and measured by or based in whole or in part upon the amount of the outstanding obligations secured hereby, then all such taxes, assessments or fees shall be deemed to be included within the term "Impositions" as defined in subparagraph (a) hereof; and Grantor shall pay and discharge or cause to be paid and discharged the same as herein provided with respect to the payment of Impositions or, at the option of Beneficiary, all obligations secured hereby, together with all accrued interest thereon, shall immediately become due and payable. Anything to the contrary herein notwithstanding, Grantor shall have no obligation to pay any franchise, estate, inheritance, income, excess profits or similar tax levied on Beneficiary or on the obligations secured hereby.
- (c) Subject to the provisions of subparagraph (d) of this Section 1.9, Grantor covenants to furnish to Beneficiary, within forty-five (45) days after the date upon which any such Imposition is due and payable by Grantor, official receipts of the appropriate taxing authority or other proof satisfactory to Beneficiary evidencing the payments thereof.
- (d) Grantor shall have the right, before any delinquency occurs, to contest or object to the amount or validity of any such Imposition by appropriate legal proceedings, but this shall not be deemed or construed in any way as relieving, modifying or extending Grantor's covenant to pay or cause to be paid any such Imposition at the time and in the manner provided in this Section 1.9, unless Grantor has given prior written notice to Beneficiary of Grantor's intent to so contest or object to an Imposition; and unless, at Beneficiary's sole option: (1) Grantor shall demonstrate to Beneficiary's satisfaction that the legal proceedings shall conclusively operate to prevent the sale of the Property or any part thereof to satisfy such Imposition prior to final determination of such proceedings; or (2) Grantor shall furnish a good and sufficient bond or surety as requested by and satisfactory to Beneficiary; or (3) Grantor

shall have provided a good and sufficient under-taking as may be required or permitted by law to accomplish a stay of such proceedings.

- (e) At the request of the Beneficiary, Beneficiary may require Grantor to pay to Beneficiary, monthly, an amount equal to one-twelfth (1/12th) of the annual Impositions reasonably estimated by Beneficiary to pay the installment of taxes next due on the Property. In such event, Grantor shall cause all bills, statements or other documents relating to Impositions to be sent or mailed directly to Beneficiary. Upon receipt of such bills, statements or other documents, and providing Grantor has deposited sufficient funds with Beneficiary pursuant to this Section 1.9, Beneficiary shall pay such amounts as may be due thereunder out of the funds so deposited with Beneficiary. If, at any time and for any reason, the funds deposited with Beneficiary are or will be insufficient to pay such amounts as may then or subsequently be due, Beneficiary shall notify Grantor and Grantor shall immediately deposit an amount equal to such deficiency with Beneficiary. Notwithstanding the foregoing, nothing contained herein shall cause Beneficiary to be deemed a trustee of said funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Beneficiary pursuant to this Section 1.9. Beneficiary shall not be obliged to pay or allow any interest on any sums held by Beneficiary pending disbursement or application hereunder, and Beneficiary may impound or reserve for future payment of Impositions such portion of such payments as Beneficiary may in its absolute discretion deem proper, applying the balance on the principal of or interest on the obligations secured hereby. Should Grantor fail to deposit with Beneficiary (exclusive of that portion of said payments which has been applied by Beneficiary on the principal of or interest on the indebtedness secured by the Loan Documents) sums sufficient to fully pay such Impositions at least thirty (30) days before delinquency thereof, Beneficiary may, at Beneficiary's election, but without any obligation so to do, advance any amounts required to make up the deficiency, which advances, if any, shall be secured hereby and shall be repayable to Beneficiary as herein elsewhere provided or, at the option of Beneficiary, the latter may, without making any advance whatever, apply any sums held by it upon any obligation of Grantor secured hereby. Should any default occur or exist on the part of Grantor in the payment or performance of any of Grantor's obligations under the terms of the Loan Documents, Beneficiary may, at any time at Beneficiary's option, apply any sums or amounts in its hands received pursuant hereto, or as rents or income of the Property or otherwise, upon any indebtedness or obligation of Grantor secured hereby in such manner and order as Beneficiary may elect. The receipt, use or application of any such sums paid by Grantor to Beneficiary hereunder shall not be construed to affect the maturity of any indebtedness secured by this Deed of Trust or any of the rights or powers of Beneficiary or Grantor under the terms of the Loan Documents or any of the obligations of Grantor and/or any guarantor under this Loan Documents.
- (f) Grantor covenants not to suffer, permit or initiate the joint assessment of the real and personal property, or any other procedure whereby the lien of the Property taxes and the lien of the personal property taxes shall be assessed, levied or charged to the Property as a single lien.
- (g) If requested by Beneficiary, Grantor shall cause to be furnished to Beneficiary a tax reporting service covering the Property of the type, duration and with a company satisfactory to Beneficiary.

1.10 **Utilities.** Grantor covenants to pay or cause to be paid when due all utility charges which are incurred by Grantor for the benefit of the Property or which may become a charge or lien against the Property for gas, electricity, water or sewer services furnished to the Property and all other assessments or charges of a similar nature, whether public or private, affecting the Property or any portion thereof, whether or not such taxes, assessments or charges are liens thereon.

1.11 **Actions Affecting Property.** Grantor covenants to appear in and contest any action or proceeding purporting to affect the security of this Deed of Trust or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees, in any such action or proceeding in which Beneficiary or Trustee may appear.

1.12 **Actions by Trustee and/or Beneficiary to Preserve Property.** Should Grantor fail to make or cause to be made any payment or to do or cause to be done any act as and in the manner provided in any of the Loan Documents, Beneficiary and/or Trustee, each in its own discretion, without obligation so to do and without notice to or demand upon Grantor and without releasing Grantor from any obligation, may make or do the same in such manner and to

such extent as either may deem necessary to protect the security of this Deed of Trust. In connection therewith (without limiting their general powers), Beneficiary and/or Trustee shall have and are hereby given the right, but not the obligation: (a) to enter upon and take possession of the Property; (b) to make additions, alterations, repairs and improvements to the Property which they or either of them may consider necessary or proper to keep the Property in good condition and repair, (c) to appear and participate in any action or proceeding affecting or which may affect the security of this Deed of Trust or the rights or powers of Beneficiary or Trustee; (d) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in the judgment of either may affect or appears to affect the security of this Deed of Trust or be prior or superior hereto; and (e) in exercising such power, to pay necessary expenses, including employment of counsel or other necessary or desirable consultants. Grantor shall pay on demand, with interest at the rate set forth herein, all of the Beneficiary's costs, charges and expenses incurred by Beneficiary in connection with the exercise by Beneficiary of the foregoing rights, including without limitation, costs of evidence of title, court costs, appraisals, surveys and attorneys' fees. All costs, charges and expenses so incurred, together with interest thereon as aforesaid, shall be secured by the lien of this Deed of Trust.

1.13 Additional Security. In the event Beneficiary at any time holds additional security for any of the obligations secured hereby, it may enforce the sale thereof or otherwise realize upon the same, at Beneficiary's option, either before or con-currently herewith or after a sale is made hereunder.

1.14 Appointment of Successor Trustee. In the event of dissolution or resignation of Trustee, Beneficiary may substitute a trustee or trustees to execute the trust hereby created, and when such substitution has been filed for record in the Office of the Auditor of the County in which the Property is located, it shall be conclusive evidence of the appointment of such trustee or trustees and such new trustee or trustees shall succeed to all of the powers and duties of the Trustee. All references to "Trustee" shall include successor trustee(s).

1.15 Successors and Assigns. This Deed of Trust applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term "Beneficiary" shall mean the owner and holder of the Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

1.16 Inspections. Beneficiary, or its agents, representatives or workmen, are authorized to enter at any reasonable time upon or in any part of the Property for the purpose of inspecting the same and for the purpose of performing any of the acts it is authorized to perform under the terms of any of the Loan Documents.

1.17 Liens. Grantor shall pay and promptly discharge or cause to be paid and discharged, at Grantor's cost and expense, all liens, encumbrances and charges upon the Property, or any part thereon or interest therein which have priority over this Deed of Trust; provided that, the existence of any mechanic's, laborer's, materialman's, supplier's or vendors lien or right thereto shall not constitute a violation of this section if payment is not yet due under the contract which is the foundation thereof and if such conduct does not postpone payment for more than fifty-five (55) days after the performance thereof. Grantor shall have the right to contest in good faith the validity of any such lien, encumbrance or charge, provided Grantor shall first deposit with Beneficiary a bond or other security satisfactory to Beneficiary in such amounts as Beneficiary shall reasonably require, but not more than one hundred fifty percent (150%) of the amount of the claim; and provided further that Grantor shall thereafter diligently proceed to cause such lien, encumbrance or charge to be removed and discharged. If Grantor shall fail to discharge any such lien, encumbrance or charge, then, in addition to any other right or remedy of Beneficiary, Beneficiary may, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due, or by procuring the discharge of such lien by depositing in court a bond or the amount claimed or otherwise giving security for such claim, or in such manner as is or may be prescribed by law.

1.18 Trustee's Powers. At any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note secured hereby for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of the Property, Trustee may: (a) reconvey any part of the Property; (b) consent in writing to the making of any map or plat thereof; (c) join in granting any easement thereon; or (d) join in any extension agreement or any agreement subordinating the lien or charge hereof.

1.19 Beneficiary's Powers. Without affecting the liability of any other person liable for the payment of any obligation secured hereby and without affecting the lien or charge of this Deed of Trust upon any portion of the Property not then or theretofore released as security for the full amount of all unpaid obligations, Beneficiary may,

from time to time at the request of Grantor, or Grantor's successors or assigns and without notice: (a) release any person so liable; (b) extend the maturity or alter any of the terms of any such obligations; (c) grant other indulgences; (d) release or reconvey, or cause to be released or reconveyed at any time at Beneficiary's option any parcel or portion of the Property so long as the release or reconveyance does not materially effect the security value of the Property; (e) take or release any other or additional security for any obligations secured hereby; or (f) make compositions or other arrangements with debtors in relation thereto. By accepting payment of any obligation secured hereby after its due date, Beneficiary does not waive Beneficiary's right either to require prompt payment when due of all other obligations secured hereby or to declare default for failure so to pay.

1.20 Accounting. Grantor will keep and maintain or will cause to be kept and maintained in accordance with sound accounting practice accurate and proper books of record and account relating to the Property.

1.21 Trade Names. At the request of Beneficiary, Grantor shall execute a certificate in form satisfactory to Beneficiary listing the trade names under which Grantor intends to operate the Property and representing and warranting that Grantor does business under no other trade names with respect to the Property. Grantor shall immediately notify Beneficiary in writing of any change in trade names, and will, upon request of Beneficiary, execute any additional financing statements and other certificates revised to reflect the change in trade name.

1.22 Application of Insurance and Awards.

- (a) Grantor will give the Beneficiary prompt notice of any damage to or destruction of the Property and in case of loss covered by policies of insurance, Grantor is hereby authorized to settle and adjust any claim arising out of such policies and collect and receipt for the proceeds payable therefrom, provided that prior to any settlement, the settlement shall be subject to the approval of Beneficiary. All proceeds shall be placed in a control account with interest subject to disbursement in accordance with Section 1.22(c). In the event of a dispute concerning a settlement of a claim said dispute shall be subject to arbitration in accordance with the rules of the American Arbitration Association. Any expense incurred by Beneficiary in the adjustment and collection of insurance proceeds (including the cost of any independent appraisal of the loss or damage on behalf of Beneficiary) shall be reimbursed to Beneficiary first out of any proceeds. In the event of any insured damage to, or destruction of, the Property, or any part thereof, Beneficiary, in its sole discretion, may apply the proceeds or any part thereof upon or in reduction of the indebtedness secured hereby then most remotely to be paid, whether due or not, without the application of any prepayment premium, or may apply the same to the restoration or repair of the Property; provided that, if no event of default exists under the Loan Documents and if Beneficiary evidences compliance with Section 1.22(d), the proceeds of insurance shall be applied to reimburse Grantor for the cost of so restoring or repairing the Property with the proceeds to be paid out in the manner as provided for in Section 1.22(c) hereof; provided always that, Grantor shall pay all costs of restoring or repairing the damage, in excess of the proceeds of insurance.
- (b) Grantor will give Beneficiary prompt notice of any action, actual or threatened, in condemnation or eminent domain and hereby assigns, transfers, and sets over to Beneficiary the entire proceeds of any award or claim for damages for all or any part of the Property taken or damaged under the power of eminent domain or condemnation. Grantor is hereby authorized to settle and adjust any claim resulting from condemnation and collect and receipt for the proceeds payable therefrom; provided that, prior to any settlement, the settlement shall be subject to the approval of Beneficiary. All proceeds shall be placed in a control account with interest subject to disbursement in accordance with Section 1.22(c). In the event of a dispute concerning a settlement of a claim said dispute shall be subject to arbitration in accordance with the rules of the American Arbitration Association. The Beneficiary may elect to apply the proceeds of the award upon or in reduction of the indebtedness secured hereby then most remotely to be paid, whether due or not, without application of any prepayment premium, or to apply the same to the restoration or repair of the Property, in which event, provided that if no event of default exists under the Loan Documents, and if Beneficiary evidences compliance with Section 1.22(d), the proceeds shall be applied to reimburse Grantor for the cost of such restoration or repair with the proceeds of the award to be paid out in the manner provided for in Section 1.22(d) hereof; provided always that, Grantor shall pay all costs of such restoring or repairing in excess of the proceeds.
- (c) Should any insurance or condemnation proceeds be applied to the restoration or repair of the Property, the restoration or repair shall be done under the supervision of an architect acceptable to Beneficiary

and pursuant to plans and specifications approved by Beneficiary. In such case the proceeds shall be held by Beneficiary for such purposes and will from time to time be disbursed by Beneficiary to defray the costs of such restoration or repair under such safeguards and controls as Beneficiary may reasonably require to assure completion in accordance with the approved plans and specifications and free of liens or claims. After payment of all costs of restoration or repair, so much of the surplus, if any, shall be applied to the outstanding indebtedness to the extent necessary to establish a loan value ratio after construction or repair that does not exceed the loan to value ratio prior to the damage or condemnation. Any surplus that is not paid to Beneficiary to be applied upon the principal balance in accordance with this Section shall be paid to Grantor.

- (d) Notwithstanding anything to the contrary contained in this Section 1.22, in the event of insured damage to a portion or all of the Improvements or in the event of a taking by condemnation of only a portion of the Improvements or land area of the Property, and provided the Property can, with restoration or repair, continue to be substantially operated for the purposes utilized immediately prior to such damage or taking, and if the appraised value of the Property after such restoration or repair shall not have been reduced; and provided further, that no event of default exists under this Deed of Trust and the primary tenants under any lease of the Property, if any, certify to Beneficiary their intention to remain in possession of the Property without any abatement or adjustment of rental payments (other than temporary abatements during the period of restoration and repair), Beneficiary shall make the proceeds available to the restoration or repair of the improvements on the Property in accordance with the provisions of Section 1.22(c) hereof.

1.23 **Eminent Domain.** Should the Property, or any part thereof or interest therein, be taken or damaged by reason of any public improvement or condemnation proceeding or in any other manner ("Condemnation") or should Grantor receive any notice or other information regarding such proceeding, Grantor shall give prompt written notice thereof to Beneficiary:

- (a) Beneficiary shall be entitled to all compensation, awards and other payments or relief therefor, and shall be entitled at its option to commence, appear in and prosecute in its own name any action or proceedings. Beneficiary shall also be entitled to make any compromise or settlement in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds awarded to Grantor (the "Proceeds") are hereby assigned to Beneficiary and Grantor shall execute such further assignments of the Proceeds as Beneficiary or Trustee may require.
- (b) In the event any portion of the Property is so taken or damaged, Beneficiary shall have the option, in Beneficiary's sole and absolute discretion, to apply all the Proceeds, after deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit), including attorneys' fees, incurred by Beneficiary in connection with the Proceeds, upon any indebtedness secured hereby and in such order as Beneficiary may determine, or to apply all the Proceeds, after such deductions, to the restoration of the Property upon such conditions as Beneficiary may determine. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

1.24 **Repayment of Advances.** Upon receipt of notice, Grantor shall repay immediately all sums expended or advanced under the terms of this Deed of Trust by or on behalf of Beneficiary or Trustee, outside of the Note with interest from the date of such advance or expenditure at the Note rate, and the repayment thereof shall be secured hereby. Failure to repay such expenditure or advance and interest thereon within ten (10) days of such notice will, at Beneficiary's option, constitute an event of default hereunder; or Beneficiary may, at Beneficiary's option, commence an action against Grantor for the recovery of such expenditure or advance and interest thereon, and in such event Grantor shall pay, in addition to the amount of such expenditure or advance, all costs and expenses incurred in such action, together with a reasonable attorney's fee.

## ARTICLE 2. ASSIGNMENT OF RENTS, ISSUES AND PROFITS

2.1 Assignment of Rents and Profits under All Leases / Rental Agreements.

2.1.1 Grantor absolutely and irrevocably assigns to Beneficiary the rents, issues and profits of the Property, and all of the right, title, and interests of Grantor in and under all leases and rental agreements now or

hereafter affecting the Property are hereby assigned and transferred to Beneficiary and by reference included herein. So long as no default shall exist in compliance with any covenants, terms, conditions or obligations secured hereby or of any other instrument at any time executed with respect to this Deed of Trust, Grantor may collect assigned rents and profits as the same fall due (but not more than thirty (30) days in advance), but upon the occurrence of any such default, all right of Grantor to collect or receive rents or profits shall wholly terminate. All rents, issues or profits receivable from or in respect to the Property which Grantor shall be permitted to collect hereunder shall be received by it in trust to pay the usual and reasonable operating expenses of, and the taxes upon, the Property and the sums owing to Beneficiary as they become due and payable as provided in this Deed of Trust or in the Note or in any modification of either. The assignment of rents, issues and profits of the Property in this Article 2 is intended to be an absolute assignment from Grantor to Beneficiary, and not merely for security purposes.

2.1.2 All leases or rental agreements of the whole or any part of the Property shall be subject and subordinate to the lien of this Deed of Trust unless Beneficiary consents in writing to the priority of certain leases or rental agreements. Beneficiary may, at Beneficiary's option, require that specific leases be made superior to the lien of this Deed of Trust. Grantor shall pay all costs incident to making such leases superior to such lien, including attorneys' fees. In the event of any default hereunder and the exercise by Beneficiary of Beneficiary's rights hereby granted, payments made by tenants or occupants to Beneficiary shall, as to such tenants, be considered as though made to Grantor and in discharge of tenants' obligations to Grantor. Nothing herein contained shall be construed as obliging Beneficiary to perform any of Grantor's covenants under any lease or rental agreement. Grantor shall execute and deliver to Beneficiary upon demand any further or supplemental assignments deemed desirable by Beneficiary in order to further carry out and confirm the intentions of this paragraph and upon failure of Grantor so to comply, Beneficiary may, in addition to any other rights or remedies, at Beneficiary's option, declare all obligations secured by this Deed of Trust to be immediately due and payable.

2.2 Collection on Default Upon any event of default under any of the Loan Documents, not timely cured after notice Beneficiary may, at any time either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the Property, or any part thereof, and in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The collection of such rents, issues and profits, or the entering upon and taking possession of the Property, or the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default.

### 2.3 Leases.

2.3.1 Grantor will promptly perform and observe all of the terms, covenants and conditions required to be performed and observed by Grantor, as landlord under all leases and rental agreements respecting the Property and will do all things necessary to preserve and keep unimpaired Grantor's rights thereunder and will maintain all leases and rental agreements in full force and effect and will enforce the same and will take such action to that end as Beneficiary may request.

2.3.2 Grantor will not permit assignment of any lease, or any subletting thereunder, unless the right to assign or sublet is expressly reserved by the lessee under such lease.

2.4 Impairment of Security. Grantor shall not, without first obtaining the Beneficiary's written consent, initiate or acquiesce in any zoning reclassification, or do or suffer any act or thing which would impair the security of the Beneficiary's lien upon the Property. In the event of breach of any requirement of this paragraph, Beneficiary may, in addition to any other rights or remedies, at any time thereafter declare the whole of the principal sum of the Note immediately due and payable.

## ARTICLE 3. SECURITY AGREEMENT

3.1 Creation of Security Interest. Grantor hereby grants to Beneficiary a security interest in the Personal Property, including without limitation any and all tangible personal property of similar kind hereafter located on or at the Property for the purpose of securing all obligations of Grantor contained in the Loan Documents.

3.2 Warranties, Representations and Covenants. Grantor hereby warrants, represents, and covenants as follows:

- (a) Except for the security interest granted hereby, Grantor is, and as to portions of the Personal Property to be acquired after the date hereof will be, the sole owner of the Personal Property, free from any adverse lien, security interest, encumbrance or adverse claims thereon of any kind whatsoever. Grantor will notify Beneficiary of, and will defend the Personal Property against, all claims and demands of all persons at any time claiming the same or any interest therein;
- (b) Grantor will not lease, sell, convey or in any manner transfer the Personal Property without the prior written consent of Beneficiary;
- (c) The Personal Property is not used or bought for personal, family or household purposes;
- (d) The Personal Property will be kept on or at the Property and Grantor will not remove the Personal Property from the Property without the prior written consent of Beneficiary, except such portions or items of Personal Property which are consumed or worn out in ordinary usage, all of which shall be promptly replaced by Grantor with an article of equal suitability owned by Grantor free and clear of any lien or security interest except such as may be approved in writing by Beneficiary;
- (e) Grantor maintains a place of business in the State of Washington, and Grantor will immediately notify Beneficiary in writing of any change in its place of business;
- (f) At the request of Beneficiary, Grantor will join Beneficiary in executing one or more financing statements and renewals and amendments thereof pursuant to the Uniform Commercial Code of Washington in form satisfactory to Beneficiary, and will pay the cost of filing the same in all public offices wherever filing is deemed by Beneficiary to be necessary or desirable.;
- (g) All covenants and obligations of Grantor contained herein relating to the Property shall be deemed to apply to the Personal Property whether or not expressly referred to herein; and
- (h) This Deed of Trust constitutes a security agreement as that term is used in the Uniform Commercial Code of Washington.

3.3 **Real Property.** The filing of a financing statement in the records normally having to do with personal property shall never be construed as in any wise derogating from or impairing this Deed of Trust and hereby stated intention of the parties hereto, that everything used in connection with the production of income from the Property and/or adapted for use therein and/or which is described or reflected in this Deed of Trust is, and at all times and for all purposes and in all proceedings, both legal or equitable, shall be, regarded as part of the Property irrespective of: (a) any such item physically attached to the Improvements; (b) serial numbers used for better identification of certain equipment items capable of being thus identified in a recital contained in this Deed of Trust or in any list filed with the Beneficiary; or (c) any such item referred to or reflected in any such financing statement so filed at any time.

#### ARTICLE 4. REMEDIES UPON DEFAULT

- 4.1 **Events of Default.** Any of the following events shall be deemed an "Event of Default" hereunder:
- (a) Default shall be made in the payment of any installment of principal or interest on the Note or any other sum secured hereby when due and the failure to pay is not timely cured after notice as provided within the Note;
  - (b) Grantor shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors; or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Grantor or of all or any part of the Property, or of any or all of the royalties, revenues, rents, issues or profits thereof, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due;
  - (c) A court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against Grantor seeking any reorganization, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for

debtors, and such order, judgement or decree shall remain unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive) from the first date of entry thereof; or any trustee, receiver or liquidator of Grantor or of all or any part of the Property, or of any or all of the royalties, revenues, rents, issues or profits thereof, shall be appointed without the consent or acquiescence of Grantor and such appointment shall remain unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive); or

- (d) A writ of execution or attachment or any similar process shall be issued or levied against all or any part for interest in the Property.

4.2 Acceleration Upon Default, Additional Remedies. On the occurrence of any Event of Default, not timely cured after notice, Beneficiary may declare all indebtedness secured hereby to be due and payable and the same shall thereupon become due and payable without any presentment, demand, protest or notice of any kind. Thereafter, Beneficiary may:

- (a) 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 the Property, or any part thereof, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security granted by this Deed of Trust and, with or without taking possession of the Property, sue for or otherwise collect the rents, issues and profits thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including attorney's fees, upon any indebtedness secured hereby, all in such order as Beneficiary may determine. The entering upon and taking possession of the Property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Property or the collection, receipt and application of rents, issues or profits, Trustee or 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;
- (b) Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;
- (c) Exercise any or all of the remedies available to a secured party under the Deeds of Trust Act or the Uniform Commercial Code of Washington, including, but not limited to:
- (1) Either personally or by means of a court appointed receiver, take possession of all or any of the Personal Property and exclude therefrom Grantor and all others claiming under Grantor, and thereafter hold, store, use, operate, manage, maintain and control, make repairs replacements, alterations, additions, and improvements to and exercise all rights and powers of Grantor in respect to the Personal Property or any part thereof. In the event Beneficiary demands or attempts to take possession of the Personal Property in the exercise of any rights under any of the Loan Documents, Grantor shall promptly turn over and deliver complete possession thereof to Beneficiary;
  - (2) Without notice to or demand upon Grantor, make such payments and do such acts as Beneficiary may deem necessary to protect Beneficiary's security interest in the Personal Property, including, without limitation, paying, purchasing, contesting or compromising any encumbrance, charge or lien which is prior to or superior to the security interest granted hereunder, and in exercising any such powers or authority to pay all expenses incurred in connection therewith;
  - (3) Require Grantor to assemble the Personal Property or any portion thereof, at a place designated by Beneficiary, reasonably convenient to both parties, and promptly to deliver such Personal Property to Beneficiary, or an agent or representative designated by Beneficiary. Beneficiary, and its agents and representatives shall have the right to enter upon the Property or any or all of Grantor's other premises and properties to exercise Beneficiary's rights hereunder;

- (4) Sell, lease, or otherwise dispose of the Personal Property at public sale, with or without having the Personal Property at the place of sale, and upon such terms and in such manner as Beneficiary may determine and Beneficiary may be a purchaser at any such sale;
- (5) Unless the Personal Property is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Beneficiary shall give Grantor at least ten (10) days' prior written notice of the time and place of any public sale of the Personal Property or other intended disposition thereof;
- (d) Foreclose this Deed of Trust in the manner provided in the Washington Deeds of Trust Act.; and,
- (e) Sue on the Note according to law.

4.3 **Foreclosure by Power of Sale.** Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust and the Note and such receipts and evidence of expenditures made and secured hereby as Trustee may require. Upon receipt of such notice from Beneficiary, Trustee shall cause to be given such Notice of Default as then required by law. Trustee shall, without demand on Grantor, after lapse of such time as may then be required by law and after Notice of Sale having been given as required by law, sell the Property at the time and place of sale fixed by the Notice of Sale, either as a whole, or in separate lots or parcels or items as Trustee shall deem expedient, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States of America payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Grantor, Trustee or Beneficiary, may purchase at such sale. After deducting all costs, fees, and expenses of Trustee and of this Trust, including costs of evidence of title and reasonable attorney's fees in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not then repaid, with accrued interest, all other sums then secured hereby and the remainder, if any, to the person or persons legally entitled thereto.

4.4 **Appointment of Receiver.** If any Event of Default shall have occurred not having been timely cured after notice and be continuing, Beneficiary, as a matter of right and without notice to Grantor or anyone claiming under Grantor, and without regard to the then value of the Property or the interest of Grantor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Property, and Grantor hereby irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all the powers and duties of Beneficiary in case of entry as provided in Section 4.2(a) and shall continue as such and exercise all such powers until the date of confirmation of sale of the Property unless such receivership is sooner terminated.

4.5 **Remedies Not Exclusive.** Trustee and Beneficiary, and each of them, shall be entitled to enforce payment and performance of any indebtedness or obligations secured hereby and to exercise all rights and powers under this Deed of Trust, or under any Loan Documents or other agreement or any laws now or hereafter in force, notwithstanding some or all of the indebtedness and obligations secured hereby may now or hereafter 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 herein contained, shall prejudice or in any manner affect Trustee's or Beneficiary's right to realize upon or enforce any other security now or hereafter held by Trustee or Beneficiary, it being agreed that Trustee and Beneficiary, and each of them, shall be entitled to enforce this Deed of Trust and any other security now or hereafter held by Beneficiary or Trustee in such order and manner as they or either of them may in their absolute discretion determine. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Loan Documents to Trustee or Beneficiary or to which either of them may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Trustee or Beneficiary and either of them may pursue inconsistent remedies.

4.6 Sale of Property Pursuant to a Foreclosure. In case of a sale pursuant to a foreclosure of this Deed of Trust, the Property, whether real, personal or mixed, may be sold as an entirety or in parcels, by one sale or by several sales held at one time or at different times, all as Trustee, in its unrestricted discretion, may elect, and Grantor for and on behalf of Grantor and all persons claiming by, through or under Grantor, waives any and all rights to have the Property and estates comprising the Property marshalled upon any foreclosure sale and agrees that upon foreclosure, the Property may be sold as an entirety and not in parcels.

4.7 Restoration of Former Positions. In case Beneficiary shall proceed to enforce any right under this Deed of Trust and the proceedings for enforcement thereof shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Beneficiary, then and in every such case, Beneficiary, Trustee and Grantor shall, subject to any determination in such proceedings, severally and respectively be restored to their former positions and rights hereunder, and thereafter all rights and remedies and powers of Beneficiary and Trustee shall continue as though no such proceeding had been taken.

#### ARTICLE 5. MISCELLANEOUS

5.1 Governing Law. This Deed of Trust shall be governed by the laws of the State of Washington. In the event any provision or clause of any of the Loan Documents conflicts with applicable laws, such conflict shall not affect other provisions of such Loan Documents which can be given effect without the conflicting provision, and to this end the provisions of the Loan Documents are declared to be severable. This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing, signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

5.2 Statements by Grantor. Grantor, within ten (10) days after being given notice by mail, will furnish to Beneficiary a written statement stating the unpaid principal of and interest on the Note and any other amounts secured by this Deed of Trust and stating whether any offset or defense exists against such principal and interest.

5.3 Reconveyance by Trustee. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention and upon payment by Grantor of Trustee's fees, Trustee shall reconvey to Grantor, or the person or persons legally entitled thereto, without warranty, any portion of the Property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truth thereof. The grantee in any reconveyance may be described as "the person or persons legally entitled thereto. "

5.4 Notices. Whenever Beneficiary, Grantor, or Trustee shall desire to give or serve any notice, demand, request or other communication with respect to this Deed of Trust, each such notice, demand, request or other communication shall be in writing and shall be effective only if the same is delivered by personal service or mailed by registered or certified mail postage prepaid, return receipt requested, addressed to the addressee at the set forth on page 1 of this Deed of Trust. Any party may at any time change its address for such notices by delivering or mailing to the other parties hereto, as aforesaid, a notice of such change.

5.5 Acceptance by Trustee. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

5.6 Captions. The captions or headings at the beginning of each section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

5.7 Invalidity of Certain Provisions. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the obligations secured hereby, or if the lien is invalid or unenforceable as to any part of the Property, the unsecured or secured portion of the obligations secured hereby shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the obligations secured hereby, and all payments made on the obligations secured hereby, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the obligations secured hereby which is not secured or fully secured by the lien of this Deed of Trust. Further, the invalidity or unenforceability of any portion or provision of this Deed of Trust shall in no way affect the validity or enforceability of the remainder hereof.

5.8 Attorneys' Fees. If either Party shall be in breach or default of this Deed of Trust, the nondefaulting Party shall have the right at the defaulting Party's expense, to retain an attorney or collection agency to make any demand,

enforce any remedy, or otherwise protect or enforce such Party's rights under this Deed of Trust. The defaulting Party shall pay all costs and expenses so incurred by the nondefaulting Party, including but without limitation, arbitration and court costs, collection agency charges, notice expenses, title search expenses, and reasonable attorneys' fees (with or without arbitration or litigation), and the failure of the defaulting Party to promptly pay the same shall cause a failure of cure of the specified default and shall in itself constitute a further and additional default of this Deed of Trust. In the event either Party hereto institutes any action (including arbitration) to enforce the provisions of this Deed of Trust or for any cause arising out of this Deed of Trust, the losing Party shall pay or reimburse the prevailing Party for all of its court costs and reasonable attorneys' fees and fees or costs normally charged or advanced by such attorneys for items such as title reports, photocopies, telephone tolls, mileage, travel, boarding, expert fees, accounting fees or other advanced costs and fees, including such costs and fees that are incurred on appeal and in the enforcement in any judgment. In the event it is necessary for either Party to employ counsel or incur expense, in or out of court in any bankruptcy or reorganization proceedings, to enforce, establish or protect such Party's rights hereunder, such Party who prevails therein or so protects or establishes such Party's rights hereunder is entitled to recover from the other Party all reasonable attorneys' fees and expenses so incurred. All payments and reimbursements required by this paragraph shall be due and payable on demand, and may be offset against any sums owed to the Party so liable in order of maturity, and shall bear interest at the rate of twelve percent (12%), per annum, from the date of demand to and including the date of collection or the due date of any sum against which the same is offset, as the case may be.


5.9 **Subrogation.** To the extent that proceeds of the Note are used to pay any outstanding lien, charge or prior encumbrance against the Property, such proceeds have been or will be advanced by Beneficiary at Grantor's request and Beneficiary shall be subrogated to any and all rights and liens owed by any owner or holder of such outstanding liens, charges and prior encumbrances, irrespective of whether the liens, charges or encumbrances are released.

5.10 **No Merger.** If both the lessor's and lessee's estates under any lease or portion thereof which constitutes a part of the Property shall at any time become vested in one (1) owner, this Deed of Trust and the lien created hereby shall not be destroyed or terminated by application of the doctrine of merger; and, in any such event, Beneficiary shall continue to have and enjoy all of the rights and privileges of Beneficiary as to the separate estates. In addition, upon the foreclosure of the lien created by this Deed of Trust on the Property pursuant to the provisions hereof, any leases or subleases then existing and created by Grantor shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless Beneficiary or any purchaser at any such foreclosure sale shall so elect. No act by or on behalf of Beneficiary or any such purchaser shall constitute a termination of any lease or sublease unless Beneficiary or such purchaser shall give written notice thereof to such tenant or subtenant.

5.11 **Use.** The Property which is the subject of this Deed of Trust is not used principally or primarily for agricultural or farming purposes.

Dated: September 30, 2020.

**Key Peninsula Properties, LLC**

By:   
Andrew M. Sager, Manager

STATE OF WASHINGTON

County of Grant Skagit

I certify that I know or have satisfactory evidence that Andrew M. Sager is the person who appeared before me, and said person acknowledged that they signed this instrument, on oath stated that they were authorized to execute the instrument and acknowledged it as the Manager of Key Peninsula Properties, LLC, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: September 30, 2020



Signature

Katie Hickok

Typed/Printed Name

NOTARY PUBLIC

Title

My appointment expires: 1-7-23

