

LAND TITLE & ESCROW
Order No. 02-180268-OE

After recording, return to:

First Federal
P.O. Box 351
Port Angeles, WA 98362

**DEED OF TRUST, SECURITY AGREEMENT,
ASSIGNMENT OF LEASES AND RENTS, ASSIGNMENT OF
CONTRACTS, PERMITS AND PLANS, AND FIXTURE FILING**

Grantor(s):	<u>D HILL GROUP, LLC</u>		
<input type="checkbox"/> Additional on page	_____		
Grantee(s):	Trustee:	<u>OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY</u>	
	Beneficiary:	<u>FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF PORT ANGELES</u>	
<input type="checkbox"/> Additional on page	_____		
Legal Description (abbreviated):	<u>Lots 1 To 6 & 15 To 20, Blk 28, Kellogg & Ford's & Ptn SE 1/4 NW 1/4, 25-35-1 E W.M.</u>		
<input checked="" type="checkbox"/> Complete legal on	<u>EXHIBIT A</u>		
Assessor's Tax Parcel Identification No(s):	<u>3800-028-020-0011, P57813, 350125-2-012-0001, P32219, 3800-028-017-0008, P57811</u>		
Reference Nos. of Documents Released or Assigned:	<u>Not Applicable.</u>		

NOTICE TO RECORDER: THIS DEED OF TRUST IS A SECURITY AGREEMENT, FIXTURE FILING, AND FINANCING STATEMENT UNDER ARTICLE 9 OF THE UNIFORM COMMERCIAL CODE, WITH GRANTOR AS DEBTOR AND GRANTEE/BENEFICIARY AS SECURED PARTY, AND SHOULD BE FILED AND INDEXED IN THE REAL ESTATE RECORDS NOT ONLY AS A DEED OF TRUST, BUT ALSO AS A FIXTURE FILING.

This Deed of Trust, Security Agreement, Assignment of Leases and Rents, Assignment of Contracts, Permits, and Plans, and Fixture Filing (this "**Deed of Trust**") dated this October 26, 2020, is made by and among D HILL GROUP, LLC, a Washington limited liability company ("**Borrower**"), as Grantor, who has an address at 4833 S. Morgan St., Seattle, WA 98118; OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY, ("**Trustee**"), whose address is P.O. Box 445, 111 E. George Hopper Rd., Burlington, WA 98233; and FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF PORT ANGELES, a Washington state bank corporation, (together with its successors, participants, and assigns, "**Lender**"), as Beneficiary, whose address is P.O. Box 351, Port Angeles, WA 98362.

Notice to Borrower: The Note secured by this Deed of Trust may contain provisions for a variable interest rate.

1. GRANT IN TRUST AND SECURED OBLIGATIONS

1.1 Grant in Trust. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and for the purpose of securing payment and performance of the Secured Obligations, as described in Section 1.2 below, for the benefit of Lender, Borrower hereby irrevocably and unconditionally grants, transfers, bargains, conveys and assigns to Trustee, in trust, with power of sale and right of entry and possession, and grants a security interest in, all estate, right, title and interest that Borrower now has or may later acquire in and to the following property (all or any part of such property, or any interest in all or any part of it, as the context may require, the "**Collateral**"), which Collateral is not used principally for agricultural purposes:

1.1.1 Land, Appurtenances, Easements. That certain real property and all interests therein located in Skagit County, Washington, more particularly described in EXHIBIT A attached hereto and incorporated herein by this reference, together with all existing and future easements, access rights, rights in vacated streets, declarant's rights, privileges, licenses, franchises and other appurtenances, including all minerals, oil, gas, and other commercially valuable substances that may be in, under or produced from any part of it (collectively, the "**Land**");

1.1.2 Improvements. All buildings, structures, and improvements now located or later to be constructed on the Land (the "**Improvements**");

1.1.3 Related Real Property and Improvements. All real property and improvements located thereon, and all appurtenances and other property and interests of any kind or character, whether described in EXHIBIT A or not, that may be reasonably necessary or desirable to promote the present and any reasonable future beneficial use and enjoyment of the Land and Improvements;

1.1.4 Leases and Licenses. All existing and future leases, subleases, subtenancies, licenses, occupancy agreements, and concessions ("**Leases**") relating to the use and enjoyment of all or any part of the Project (defined below), including, without limitation, all leases by or through Borrower as lessor, written or oral, now in existence or hereafter arising, all other agreements for the use and occupancy of all or any portion of the Project, and any and all extensions or renewals thereof, and any and all deposits, guaranties and other agreements relating to or made in connection with any of the Leases;

1.1.5 Rent, Issues, and Profits. All income, rents, security or similar deposits, revenues, issues, royalties, profits, leases, earnings, products and proceeds of the Land or Improvements, including, without limitation, all rights to the payment of money, accounts, accounts receivable, reserves, deferred payments, refunds, cost savings, reimbursements, insurance or condemnation proceeds, and payments and deposits of any kind related to the Collateral, and any proceeds from the sale of any lots comprising the Land and any Units constructed thereon, and any deposits on account thereof (collectively, the "**Rents, Issues and Profits**");

1.1.6 Goods, Materials, Fixtures, Etc. All goods, materials, supplies, chattels, furniture, appliances, furnishings, fixtures, equipment, inventory, general intangibles, and machinery now or later to be attached

to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Project, whether stored on the Land or elsewhere, all of which shall be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust;

1.1.7 Construction Materials and Equipment. All building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, that have been or later will be acquired for the purpose of being delivered to, incorporated into, or installed in or about the Land or Improvements;

1.1.8 Borrower Funds. All of Borrower's interest in and to the proceeds of the Secured Obligations (defined below), whether disbursed or not; and all accounts maintained by Borrower with Lender or any subsidiary or affiliate of Lender, including, without limitation, any accounts established in connection with the Secured Obligations;

1.1.9 Refunds, Rebates, Reimbursements. All (i) refunds, rebates, reimbursements, reserves, deferred payments, deposits, cost savings, governmental subsidy payments, governmentally registered credits (such as emissions reduction credits), other credits, waivers and payments, whether in case or in kind, due from or payable by (a) any federal, state, municipal or other governmental or quasi-governmental agency, authority or district (each, a **"Governmental Authority"**) or (b) any insurance or utility company relating to any or all of the Land or Improvements or arising out of the satisfaction of any conditions imposed upon or the obtaining of any approvals for the development of the Land; and (ii) all refunds, rebates, reimbursements, credits and payments of any kind due from or payable by any Governmental Authority for any taxes, special taxes, assessments, or similar governmental or quasi-governmental charges or levies imposed upon Borrower with respect to the Land or Improvements or upon any or all of the Land or improvements or arising out of the satisfaction of any conditions imposed upon or the obtaining of any approvals for the development of the Land or Improvements;

1.1.10 Claims and Other Rights. (i) Borrower's rights and claims, but not liability for any breach by Borrower, under all commitments (including loan or financing commitments, commitments for fee refunds or credits, or other commitments), insurance policies, contracts and agreements for the design, construction, marketing, operation, protection, or inspection of the Improvements and all other contracts and general intangibles (including payment intangibles and any trademarks, trade names, goodwill, software and symbols) related to the Project or the operation thereof, (ii) all letter-of-credit rights (whether or not the letter of credit is evidenced by a writing) Borrower now has or hereafter acquires relating to the Collateral, and (iii) all contract or tort claims Borrower now has or hereafter acquires relating to the Collateral;

1.1.11 Contracts, Permits and Plans. All construction contracts and subcontracts, consulting agreements, financing commitments and agreements, joint development agreements, service and maintenance agreements, marketing and listing agreements, lot reservation agreements, purchase and sale agreements, and other existing and future contracts relating to the Project, together with all deposits, escrows, payments, or other proceeds thereunder (collectively, **"Contracts"**); and all permits, approvals, commitments, designs, drawings, plans, specifications, surveys, plats, plat approvals, hearing examiner decisions, trademarks, logos, and other work product prepared or to be prepared in connection with the development, construction, marketing, and sale of the Project (as defined below), together with all existing and future amendments, modifications, and supplements thereof (collectively, **"Permits and Plans"**);

1.1.12 Miscellaneous Personal Property. All personal property of any kind whatsoever, whether tangible or intangible, that is used or will be used in construction of, or is or will be placed upon or is derived from or used in any way in connection with the use, occupancy, or enjoyment of, the Land or Improvements;

1.1.13 Rights under Common Interest Community Laws and CC&Rs. All of Borrower's right, title and interest in and to any and all units, common elements, declarant rights, development rights, and any other rights relating to the Land or the Improvements, whether now existing or subsequently arising, under any and all covenants, conditions, restrictions, development agreements, laws or other agreements or declarations now existing

or later executed relating to the Land and Improvements, and all laws now existing or later enacted relating to the Land or Improvements, including, without limitation, those relating to condominiums, planned developments, or other common interest communities, and all rights of Borrower in connection with any homeowner's association, condominium association, architectural control committee, or similar association or committee, established in connection with the Improvements, including Borrower's rights and powers to elect, appoint, and remove officers and directors of any such associations or committees;

1.1.14 Additional Property. Any additional personal property otherwise set forth herein or listed on any UCC-1 financing statement filed to perfect Lender's security interest hereunder;

1.1.15 Books and Records. All books and records pertaining to any and all of the property described above, including records stored on computer readable media, and a limited sublicense to use the computer hardware or software necessary to access such records ("**Books and Records**"); and

1.1.16 Proceeds. All proceeds of, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

The Land, Improvements, related real property, and all personal property now or hereafter installed on or used in connection with the Land and/or Improvements are collectively referred to herein as the "**Project**." The Project constitutes the bulk of, but not the entirety of, the Collateral.

1.2 Secured Obligations. Borrower makes the grant, conveyance, transfer, and assignment set forth in Section 1.1 and grants the security interest set forth in Section 2.1 for the purpose of securing the following obligations (the "**Secured Obligations**") in any order of priority that Lender may choose:

1.2.1 Promissory Note. Payment of all obligations at any time owing under that certain Promissory Note payable by Borrower, as maker, to the order of Lender, executed concurrently herewith (the "**Note**"), evidencing a revolving loan from Lender to Borrower in the maximum outstanding principal amount of ELEVEN MILLION THREE HUNDRED THIRTY-SIX THOUSAND AND 00/100THS U.S. DOLLARS (U.S. \$11,336,000.00) (the "**Loan**"), together with any increases, modifications, extensions or renewals thereof or protective advances made thereunder, whether or not any such modification, extension or renewal is evidenced by a new or additional promissory note or notes and whether or not any such interest accrual, increases, modifications, or protective advances result in the total indebtedness exceeding the stated principal amount of the Note;

1.2.2 Loan Documents. Payment and/or performance of each and every other obligation of Borrower under the Note, this Deed of Trust, the Condominium Construction Loan Agreement of even date herewith executed by Borrower and Lender (the "**Loan Agreement**"), all other documents evidencing, securing, or otherwise governing the Loan (specifically excluding, however, for purposes of establishing the Secured Obligations, any obligations of Borrower arising solely under any guaranty of the Secured Obligations or any indemnity agreement that by its terms is not secured hereby (each an "**Independent Indemnity**"), and any and all amendments, modifications, and supplements thereto (the "**Loan Documents**"), the provisions of which are incorporated herein by this reference;

1.2.3 Future Obligations. Payment to Lender of all future advances, indebtedness, and further sums and/or performance of such further obligations as Borrower or the then record owner of the Project or the then owner of the balance of the Collateral may undertake to pay and/or perform (whether as principal, surety, or guarantor) for the benefit of Lender, its successors or assigns, if such borrowing and/or obligations are evidenced by a written instrument reciting that it or they are secured by this Deed of Trust; and

1.2.4 Modifications and Amendments. Payment and performance of all modifications, amendments, extensions, and renewals, however evidenced, of any of the Secured Obligations.

All persons who may have or acquire an interest in all or any part of the Collateral will be considered to have notice of, and will be bound by, the terms of the Secured Obligations and each other agreement or instrument made or entered into in connection with each of the Secured Obligations.

2. SECURITY AGREEMENT

2.1 Grant of Security Interest. This Deed of Trust creates a lien on the Collateral, and constitutes an absolute assignment of the Rents, Issues and Profits and of the Leases, all in favor of Lender. To the extent that any part of the Collateral, Rents, Issues and Profits, or Leases may be, or are determined to be, personal property, Borrower, as debtor, hereby grants to Lender, as secured party, a security interest in such part of the Collateral, Rents, Issues and Profits and Leases as is determined to be personal property, to secure payment and performance of the Secured Obligations. As to such personal property, this Deed of Trust constitutes a security agreement under the Uniform Commercial Code of the State of Washington (the "**Project State**").

2.2 Perfection of Security Interest. Borrower hereby authorizes Lender to file one or more financing statements, continuation statements, financing statement amendments, and such other documents as Lender may from time to time require to perfect and continue the perfection of Lender's security interest in any part of the Collateral or the Rents, Issues and Profits and Leases. Borrower shall pay all fees and costs that Lender may incur in filing such documents in public offices and in obtaining such record searches as Lender may reasonably require. If any financing statement or other document is filed in the records normally pertaining to personal property, that filing shall not be construed as in any way derogating from or impairing the declaration and the stated intention of the parties hereto that the Collateral and all components thereof are, to the maximum extent possible, real property or otherwise impair the rights or obligations of the parties under this Deed of Trust.

3. FIXTURE FILINGS

This Deed of Trust constitutes a financing statement filed as a fixture filing under the Uniform Commercial Code in effect in the Project State, as amended or recodified from time to time, covering any part of the Collateral that now is or later may become fixtures attached to the Land or Improvements.

4. ASSIGNMENTS

4.1 Assignment of Leases and Rents.

4.1.1 Assignment. Borrower hereby irrevocably, presently, absolutely and unconditionally assigns and transfers to Lender: (i) the Rents, Issues and Profits, whether now due, past due, or to become due, together with the right, power and authority to collect the same, (ii) all Leases by or through Borrower as lessor, written or oral, now in existence or hereafter arising, and any and all extensions or renewals thereof, together with the right, power and authority of Borrower to alter, modify or change the terms thereof or surrender, cancel or terminate the same, and (iii) any and all guarantees of any obligations of any lessee under each of the Leases (a "**Lessee**"). The assignments in this Section are absolute assignments and irrevocable from Borrower to Lender and not merely the passing of security interests or assignments for security only.

4.1.2 Grant of License. Lender hereby confers upon Borrower a license ("**License**") to collect and retain the Rents, Issues and Profits as they become due and payable, and to administer the Leases, so long as no Event of Default, as defined below, exists and is continuing. If an Event of Default has occurred and is continuing, such License shall terminate without notice to or demand upon Borrower, without regard to the adequacy of Lender's security under this Deed of Trust.

4.1.3 Representations and Warranties. Borrower represents and warrants to Lender that:

4.1.3.1 No Leases. As of the date hereof, there are no Leases of any portion of the Project.

4.1.3.2 No Assignments. Except for assignments made to Lender, there have been no prior assignments of its rights, title, and interest in, to, and under the Leases or Rents, Issues, and Profits, nor shall Borrower assign, transfer, mortgage, or otherwise convey or encumber any of its rights, title, or interest in, to, or under the Leases or Rents, Issues, and Profits so long as the Loan remains outstanding, except as otherwise approved in writing by Lender.

4.1.4 Collection and Application of Rents, Issues, and Profits.

4.1.4.1 Right to Collect; Attorney in Fact. Subject to the License granted to Borrower under the above Section, Lender has the right, power, and authority to collect any and all Rents, Issues and Profits and administer the Leases. Borrower hereby irrevocably appoints Lender its attorney-in-fact, coupled with an interest, to, at such times as Lender may choose in its sole discretion: (i) demand, receive and enforce payment of all Rents, Issues and Profits; (ii) give receipts, releases, and satisfactions for all Rents, Issues and Profits; or (iii) sue either in the name of Borrower and/or in the name of Lender for all Rents, Issues and Profits.

4.1.4.2 Possession of Project not Required. Lender's right to the Rents, Issues and Profits does not depend on whether or not Lender takes possession of the Project as permitted hereunder. If an Event of Default occurs while Borrower is in possession of all or part of the Project and is collecting and applying Rents, Issues and Profits as permitted under this Deed of Trust, Lender, Trustee, and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity.

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

4.1.6 Leasing; Prepayments. Borrower shall not lease the Project or any part of it unless permitted under the Loan Agreement, and then only strictly in accordance with the Loan Agreement. If any leasing is permitted, Borrower shall not accept any deposit or prepayment under any Lease for any rental period exceeding one month without Lender's prior written consent.

4.1.7 Rights of Lessees. Lender shall have the right, at its option, to foreclose this Deed of Trust subject to the rights of any Lessee.

4.1.8 Enforcement. Lender may enforce this assignment without first resorting to or exhausting any security or collateral for the Secured Obligations.

4.2 Assignment of Contracts, Permits, and Plans. In addition to, and without in any way derogating from the security interest granted Lender in, the Collateral, Borrower hereby assigns, grants, transfers, and sets over unto Lender, Borrower's right, title, and interest in, to, and under all Contracts and the Permits and Plans.

4.2.1 Security for Loan. This assignment is made solely as additional security for the payment and performance of all the Secured Obligations. Lender shall have no right pursuant to this assignment to enforce Borrower's rights with respect to the Contracts or the Permits and Plans until Borrower is in default under any of its

obligations to Lender pursuant to this Deed of Trust or any of the other Loan Documents. However, after an Event of Default, Lender shall have the right, in the name of and on behalf of Borrower, to enforce any rights under such Contracts or the Permits and Plans.

4.2.2 Liabilities. Notwithstanding the assignment contained herein, Lender does not assume any obligations or duties of Borrower under the Contracts or the Permits and Plans unless and until Lender has given Borrower written notice that Lender is affirmatively exercising its right to complete or cause the completion of the Project in accordance with the terms of the Loan Documents. If Lender does not directly undertake to complete development or construction of the Project, Lender may assign such Contracts or Permits and Plans to, and such obligations and duties of Borrower in connection with the Contracts or the Permits and Plans shall be assumed by, the person or entity designated by the Lender for the purpose of completing such development or construction, and Lender shall have no liability whatsoever for the performance of any such obligations and duties.

4.2.3 Right to Cure Defaults. Lender shall have the right at any time (but shall have no obligation) to take in its name or in the name of Borrower such action as Lender may at any time determine to be necessary or advisable to cure any default under the Contracts or to protect the rights of Borrower or Lender thereunder. Lender shall incur no liability to Borrower if any action so taken shall prove to be inadequate or invalid, except to the extent of Lender's own willful misconduct or gross negligence, and Borrower agrees to hold Lender free and harmless against and from any loss, cost, liability, or expense (including, without limitation, reasonable attorneys' fees) incurred in connection with any such action.

4.2.4 Representations and Warranties of Borrower. Borrower represents and warrants to Lender that:

4.2.4.1 No Assignments. There have been no prior assignments of its rights, title, and interest in, to, and under the Contracts or the Permits and Plans, nor shall Borrower assign, transfer, mortgage, or otherwise convey or encumber any of its rights, title, or interest in, to, or under the Contracts or the Permits and Plans so long as the Loan remains outstanding, except as otherwise approved in writing by Lender;

4.2.4.2 Authority. Borrower has full power and authority to assign its rights, title, and interest in, to, and under the Contracts and the Permits and Plans to Lender and no consents or approvals of any other person or entities are necessary in order for Borrower to validly execute, deliver, and perform this assignment;

4.2.4.3 Valid and Binding Contracts. The Contracts and the Permits and Plans are valid and binding obligations of the parties thereto, enforceable in accordance with their terms;

4.2.4.4 No Defaults. There are no existing defaults under the terms of the Contracts and the Permits and Plans by any party as of the date of this Assignment, nor any events that, with notice and the passage of time, would constitute a default. All covenants, conditions and agreements of Borrower under the Contracts have been performed as required by the Contracts as of the date hereof; and

4.2.4.5 No Modification. Borrower shall not amend or modify any of the terms or conditions of the Contracts or the Permits and Plans except as provided in the Loan Agreement, nor shall Borrower assign, sell, pledge, transfer, mortgage or otherwise convey or encumber any of its right, title or interest in, to or under the Contracts or the Permits and Plans without Lender's prior written approval (which shall not be unreasonably withheld or delayed) so long as the Loan remains unpaid or any of Borrower's obligations under the Loan Documents are unfulfilled.

4.2.5 Attorney-in-Fact. Borrower hereby irrevocably constitutes and appoints Lender as its attorney-in-fact, upon the occurrence of an Event of Default, to demand, receive, and enforce any and all of Borrower's rights under and with respect to the Contracts and the Permits and Plans, to make payments under the Contracts and give appropriate receipts, releases, and satisfactions for and on behalf of and in the name of Borrower, and to perform any and all acts with respect to the Contracts and the Permits and Plans that Lender reasonably deems necessary or

desirable, with the same force and effect as if performed by Borrower in the absence of this assignment, including the power to make such reasonable changes and additions to the Contracts and the Permits and Plans as Lender deems necessary to complete the Project.

4.2.6 Indemnity. Borrower shall indemnify and hold Lender harmless from and against any and all claims, demands, liabilities, losses, lawsuits, judgments, damages, costs, and expenses, including, without limitation, reasonable attorneys' fees and costs incurred (whether or not in litigation, on appeal or in bankruptcy court) to which Lender may become exposed or which Lender may incur in exercising any of its rights under this assignment of Contracts and the Permits and Plans. Notwithstanding the foregoing, if any such claims, demands, liabilities, losses, lawsuits, judgments, damages, costs and expenses so arising are caused by the willful misconduct or gross negligence of Lender, the breach by Lender of any of the Contracts or the concurrent negligence of both Borrower and Lender, or their employees, agents, invitees or licensees, Borrower shall indemnify Lender only to the extent of Borrower's own negligence or that of its employees, agents, invitees or licensees.

5. RIGHTS AND DUTIES OF THE PARTIES

5.1 Performance of Secured Obligations. Borrower shall promptly pay and perform each Secured Obligation in accordance with its terms.

5.2 Notice of Change. Borrower shall give Lender prior written notice of any change in: (i) the location of its place of business or its chief executive office if it has more than one place of business; (ii) the location of any of the Collateral, including the Books and Records; and (iii) Borrower's name or business structure.

5.3 Representations and Warranties. Borrower represents and warrants that, except as previously disclosed and accepted by Lender in writing:

5.3.1 Title to Land and Improvements. Borrower holds fee simple title to all of the Land and Improvements, subject only to such exceptions and encumbrances as have been approved in writing by Lender (the "**Permitted Exceptions**"), and has or will have good title to all portions of the Collateral other than the Land and Improvements.

5.3.2 Title to Personal Property. Borrower owns any portion of the Collateral that is personal property free and clear of any security agreements, reservations of title, or conditional sales contracts, and there is no financing statement affecting such personal property on file in any public office other than in Lender's favor.

5.3.3 Right to Encumber/First Position Lien. Borrower has the full and unlimited power, right, and authority to encumber the Collateral and assign the Rents, Issues and Profits and Leases. Upon recording of this Deed of Trust and filing of a UCC Financing Statement with respect to any portion of the Collateral that is determined to be personal property, this Deed of Trust will create a first and prior lien on the Collateral that is subject and subordinate to no other liens except for the Permitted Exceptions.

5.4 Required Insurance. Borrower shall keep the following insurance coverages in effect with respect to the Collateral:

5.4.1 Builder's risk insurance against loss by fire and the hazards now or hereafter embraced by the standard "All Risk" form of insurance, including course of construction insurance covering theft of materials, in an amount equal at all times to the full insurable value of the Improvements. Such insurance coverage shall contain a "replacement cost endorsement" without reduction for depreciation, and shall also contain loss of rents and/or business interruption insurance coverage, a fluctuating value endorsement with a waiver of the co-insurance clause (or an agreed amount endorsement with an inflation guard endorsement), and shall contain such other endorsements as Lender may reasonably request;

5.4.2 Comprehensive public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Land or the Improvements in amounts and on terms reasonably acceptable to the Lender;

5.4.3 Flood insurance in an amount satisfactory to Lender and on terms satisfactory to Lender if the Land is located in a designated flood hazard area; and

5.4.4 Insurance against such similar or other hazards, casualties, liabilities, and contingencies, in such forms and amounts, as Lender may from time to time reasonably require.

Each insurance policy shall be with a company and in a form acceptable to Lender, as determined in its reasonable discretion. Each hazard insurance policy shall include a Form 438BFU or equivalent mortgagee endorsement in favor of Lender. Each liability insurance policy shall name Lender as an additional insured. All required policies will provide for at least ten (10) days' written notice to Lender prior to the effective date of any cancellation or material amendment, which term shall include any reduction in the scope or limits of coverage. Borrower shall promptly furnish to Lender all renewal notices relating to insurance policies. Borrower shall pay all premiums on insurance policies directly to the carrier. At least thirty (30) days prior to the expiration date of each such policy, Borrower shall furnish to Lender a renewal policy in a form acceptable to Lender, together with evidence that the renewal premium has been paid. As security for the Secured Obligations, Borrower hereby assigns to Lender all required insurance policies, together with all proceeds thereof, rights thereto and all unearned premiums returnable upon cancellation.

5.5 Taxes and Assessments. Borrower shall pay or cause to be paid when due, all general real and personal property taxes, special and supplemental real and personal property taxes and assessments, license fees, license taxes, levies, charges, penalties, or other taxes or similar impositions imposed by any public or quasi-public authority or utility company that are or may become a lien upon the Collateral or any portion thereof or interest therein, or that may cause any decrease in the value of the Collateral or any part of it.

5.6 Liens, Charges, and Encumbrances. Borrower shall not encumber or permit the encumbrance of the Collateral without Lender's prior written consent and Borrower shall immediately discharge any lien on the Collateral to which Lender has not consented in writing or may contest said lien and provide for bonding around said lien, as provided in the Loan Agreement. Borrower shall pay or cause to be paid when due all obligations secured by or reducible to liens and encumbrances that shall now or hereafter encumber or appear to encumber the Collateral or any part thereof, all claims for work or labor performed, or materials or supplies furnished, in connection with any work upon the Project; provided, however, that Borrower shall not be in default hereunder due to any such lien, charge, or encumbrance that is a Permitted Exception. Lender hereby expressly reserves the right to advance all funds necessary to cure all such obligations, and/or claims, after notice to Borrower and unless Borrower has provided a bond.

5.7 Insurance and Condemnation Proceeds.

5.7.1 Payment to Lender. Borrower hereby absolutely and irrevocably assigns to Lender, and authorizes the payor to pay to Lender, the following claims, causes of action, awards, payments, and rights to payment, together with all interest that may accrue thereon (collectively herein, the "**Claims**");

5.7.1.1 Condemnation Awards. All awards of damages and all other compensation payable directly or indirectly because of a condemnation, proposed condemnation, or taking for public or private use that affects all or part of the Collateral or any interest in it;

5.7.1.2 Insurance Proceeds. All proceeds of any insurance policies payable because of damage or loss sustained to all or part of the Collateral;

5.7.1.3 Warranty Claims. After an Event of Default, all awards, claims, and causes of action arising out of any warranty affecting all or any part of the Collateral, or for damage or injury to or decrease in value of all or part of the Collateral or any interest in it; and

5.7.1.4 Other Claims. After an Event of Default, all awards, claims, and causes of action under contracts and agreements for the design, construction, marketing, operation, protection, or inspection of the Improvements and all other contract or tort claims or recoveries of Borrower with respect to the Project.

5.7.2 Notice to Lender. Borrower shall immediately notify Lender in writing if: (i) any damage occurs or any injury or loss is sustained to all or part of the Collateral, whether or not covered by insurance or warranty, or any action or proceeding relating to any such damage, injury, or loss is commenced; or (ii) any offer is made, or any action or proceeding is commenced, that relates to any actual or proposed condemnation or taking of all or part of the Collateral.

5.7.3 Pursuit of Claims. Borrower shall pursue recovery of all such Claims and defend its rights under any proceeding for condemnation of the Collateral or any part thereof and prosecute the same with reasonable commercial diligence to its final disposition, and shall cause any awards or settlements to be paid over to Lender for disposition pursuant to the terms of this Deed of Trust. Lender may, at Lender's option and in Lender's sole discretion, as attorney-in-fact for Borrower, make proof of loss and adjust and compromise any Claims, appear in or prosecute any action or proceeding to enforce the Claims, or participate in any action or proceeding relating to condemnation or taking of all or part of the Collateral, and may join Borrower in adjusting any loss covered by insurance. Borrower shall deliver or cause to be delivered to Lender such instruments as may be requested by Lender from time to time to permit Lender to take any such actions.

5.7.4 Application of Proceeds. All proceeds of the Claims that Borrower may receive or be entitled to receive shall be paid to Lender and shall remain under the sole control of Lender and shall be applied first to the payment of the reasonable costs and expenses incurred in the collection of the proceeds and to cure any Events of Default under the Loan. So long as there are no outstanding Events of Default under any of the Loan Documents, the remaining balance of such proceeds (the "**Net Claims Proceeds**") shall be disbursed first to pay the cost of repairs or alterations of the Collateral (if such proceeds are received under an insurance policy or partial condemnation award, repairs or alterations to the Project shall be undertaken in accordance with the Loan Agreement, and all conditions of disbursement must be satisfied), then for paydown of the Secured Obligation (unless there are no Events of Default or Potential Defaults and Lender has no reasonable basis to doubt full and timely repayment of the Secured Obligation), and then for payment to Borrower. If the Net Claims Proceeds are to be used for repairs or alterations of the Collateral, Lender shall, as a condition of disbursing such proceeds, have the right to obtain an estimate of the costs of such repair or alterations from its construction consultant and to require Borrower to verify, to Lender's reasonable satisfaction, that Borrower has sufficient funds, including the Net Claims Proceeds, to fully rebuild, repair, or alter the Collateral within the remaining term of the Loan and without unreasonably delaying the completion date of the Project, and Lender may require disbursement of such Borrower funds prior to disbursement of Net Claims Proceeds.

5.7.5 Restoration. If the Net Claims Proceeds are disbursed to pay for the cost of reconstruction, restoration, or repair of the Collateral, the Collateral shall be promptly and diligently restored by Borrower to the equivalent of its condition immediately prior to the casualty or condemnation in accordance with the Permits and Plans or to such other condition as Lender may reasonably approve in writing, and disbursements of such Net Claims Proceeds shall be in accordance with disbursement procedures provided in the Loan Documents. If, after applying the Net Claims Proceeds to the Secured Obligations, Lender reasonably determines the remaining security to be inadequate to secure the remaining Secured Obligations, Borrower shall, upon written demand from Lender, repay an amount that will reduce the remaining Secured Obligations to a balance for which adequate security is present.

5.8 Maintenance and Preservation of the Collateral. Borrower covenants: (i) to maintain and preserve the Collateral in good condition and repair and in a prudent businesslike manner; (ii) not to remove, demolish or structurally alter the Collateral or any part thereof, or alter, restore or add to the Collateral, or initiate or allow any change in any zoning or other land use classification that affects the Collateral or any part of it, except with Lender's express prior written consent, and except such alterations as may be required by laws, ordinances, rules, regulations, or orders of governmental authorities or by the terms hereof; (iii) to comply with and not suffer violations of any existing

and future subdivision laws, building codes, zoning laws and regulations, and other laws, regulations, ordinances, rules, codes, orders, directives, guidelines, building restrictions and requirements of, and all agreements with and commitments to, all federal, state, county or municipal governmental, judicial or legal authorities or agencies having jurisdiction over the Borrower or the Project, including those pertaining to the construction, sale, lease, or financing of the Improvements, and all recorded covenants and restrictions affecting the Project; (iv) to perform all obligations required to be performed under the Loan Documents, and all other obligations of Borrower pertaining to the Collateral; and (v) to execute and, where appropriate, acknowledge and deliver such further instruments as Lender or Trustee may deem necessary or appropriate to preserve, continue, perfect and enjoy the security provided for herein.

5.9 Defense and Notice of Actions; Costs. Borrower shall, without liability, cost, or expense to Lender or Trustee, protect, preserve, and defend Borrower's fee interest in and to the Project and Borrower's interest in the Collateral, the security of this Deed of Trust, any additional or other security for the Secured Obligations, and the rights or powers of Lender or Trustee hereunder against all adverse claims. Borrower shall give Lender and Trustee prompt notice in writing of the filing of any such action or proceeding. Borrower shall pay all costs, fees, and expenses (including reasonable attorneys' fees) paid or incurred in any action or proceeding in which Lender and/or Trustee may appear or be made a party, whether or not pursued to final judgment, and in any exercise of the power of sale or other remedy contained herein, whether or not such sale is actually consummated or such other remedy is actually prosecuted to completion.

5.9.1 Compensation. Borrower agrees to pay reasonable fees as may be charged by Lender and Trustee, for any services that Lender or Trustee may render in connection with this Deed of Trust, including, without limitation, trustees' fees and related recording and other costs for full and partial reconveyances of this Deed of Trust. Borrower further agrees to pay or reimburse Lender for all costs, expenses, and other advances that may be incurred or made by Lender or Trustee in any efforts to enforce any terms of this Deed of Trust.

5.9.2 Exculpation. Lender shall not be directly or indirectly liable to Borrower or any other person as a consequence of: (i) Lender's exercise of or failure to exercise any rights, remedies, or powers granted to it in this Deed of Trust or to perform or discharge any obligation or liability of Borrower under any agreement related to the Collateral or under this Deed of Trust; or (ii) any loss sustained by Borrower or any third party resulting from any act or omission of Lender in managing the Project, unless the loss is caused by the willful misconduct or gross negligence of Lender. Borrower hereby expressly waives and releases all liability of the types described above, and agrees that no such liability shall be asserted against or imposed upon Lender.

5.9.3 Indemnification. Except to the extent caused by Lender's willful misconduct or gross negligence, Borrower agrees to indemnify Lender against and hold Lender and its respective officers, employees, agents, and representatives, harmless from any and all losses, damages, liabilities, claims, causes of action, judgments, court costs, attorneys' fees, and other legal expenses, cost of evidence of title, cost of evidence of value, and other costs and expenses that either may reasonably suffer or incur: (i) in performing any act required or permitted by this Deed of Trust or any of the other Loan Documents or by law; (ii) because of any failure of Borrower to perform any of its Secured Obligations; or (iii) because of any alleged obligation of or undertaking by Lender to perform or discharge any of the representations, warranties, conditions, covenants or other obligations in any document relating to the Collateral other than the Loan Documents. This agreement by Borrower to indemnify Trustee and Lender shall survive the release and cancellation of any or all the Secured Obligations and the full or partial release and/or reconveyance of this Deed of Trust.

5.9.4 Payment by Borrower. Borrower shall fulfill all obligations to pay money arising under this Section 5 when such amounts are due and payable, or, for reimbursement of amounts advanced by Lender, within ten (10) days after Lender's demand. Each such obligation shall be added to, and considered to be part of, the principal balance of the Note, and shall bear interest from the date the obligation arises at the rate applicable to the principal balance of the Note, as such rate may be adjusted.

5.10 Permitted Actions.

5.10.1 Releases, Extensions, Modification, and Additional Security. From time to time, Lender may perform any of the following acts without incurring any liability or giving notice to Borrower or any person: (i) release any person liable for payment of any Secured Obligation; (ii) extend the time for payment, or otherwise alter the terms of payment, of any Secured Obligation; (iii) accept additional real or personal property of any kind as security for any Secured Obligation; or (iv) alter, substitute, or release all or any portion of the Collateral.

5.10.2 Powers of Trustee. From time to time when requested to do so by Lender in writing, Trustee may perform any of the following acts without incurring any liability or giving notice to any person and without affecting the personal liability of any person for payment or performance of any of the Secured Obligations: (i) consent to the making of any plat or map of the Project or any part of it; (ii) join in granting any easement or creating any covenant or restriction affecting the Project; (iii) join in any extension, subordination, or other agreement affecting this Deed of Trust or the lien of it; or (iv) reconvey the Collateral or any part of it without any warranty.

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

5.12 Substitution of Trustee. Lender may appoint a successor trustee by an instrument executed and acknowledged by Lender and recorded in the county in which this Deed of Trust is recorded, and upon such recordation the successor trustee shall become vested with the same powers, rights, duties, and authority of the Trustee with the same effect as if originally made Trustee hereunder.

5.13 Subrogation. Lender shall be subrogated to the liens of all encumbrances, whether released of record or not, that are discharged in whole or in part by Lender in accordance with this Deed of Trust or with the proceeds of the Loan.

5.14 Late Charge. Upon the occurrence of an Event of Default in the payment of an amount due and payable under this Deed of Trust, a late charge as specified in and measured by the Note may be charged by Lender for the purpose of defraying the extra administrative expenses incident to handling such delinquent payment and the loss of the use of funds resulting from Borrower's non-payment when due.

6. DEFAULTS AND REMEDIES

6.1 Events of Default. The occurrence of any one or more of the following events shall constitute an "Event of Default" (some or all, collectively, "Events of Default"):

6.1.1 Default under Deed of Trust. Borrower fails to comply with any term or provision of this Deed of Trust and such default is not cured within the applicable cure period provided for herein or, if no cure period is specified, within thirty (30) days after notice thereof by Lender or, if such default may not reasonably be cured within the applicable cure period, then if Borrower fails to commence to cure such non-performance or to thereafter diligently pursue completion of the cure; *provided, however*, that such default must in any event be cured within ninety (90) days of notice from Lender;

6.1.2 Default under Loan Documents. An Event of Default occurs as defined under the Loan Agreement or any of the other Loan Documents; or

6.1.3 Unauthorized Transfer of Ownership or Control. The occurrence of an Unauthorized Transfer (as defined in Section 7 below).

6.2 Rights and Remedies. At any time after the occurrence of an Event of Default hereunder, Lender and/or Trustee shall have all the rights and remedies described below, in addition to any other rights and remedies of Lender under the Loan Agreement, or the other Loan Documents. To the fullest extent permitted by law, Lender may

undertake any such remedies regardless of the adequacy of the security for the Secured Obligations or whether any or all the Secured Obligations have been accelerated.

6.2.1 Receiver. Without regard to the then-current value of the Collateral or the interest of Borrower therein, Lender may apply to any court having jurisdiction to appoint a receiver for the Collateral or any portion thereof, and Borrower hereby irrevocably consents to the appointment of a custodial receiver or general receiver with power of sale upon such Event of Default. Any such receiver shall have the usual powers and duties of receivers in like or similar cases and all the powers and duties of Lender set forth in this Deed of Trust or any of the other Loan Documents, and, in the case of a general receiver, a right to sell the Collateral. Employment by Lender shall not disqualify a person from serving as receiver.

6.2.2 Cure. With or without notice, and without releasing Borrower from any obligation hereunder, Lender may (but shall not be obligated to) cure any breach or default of Borrower, and, if it chooses to do so in connection with any such cure, do all other things that it may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust.

6.2.3 Entry. Lender, in person, by agent, or by court-appointed receiver, with or without bringing any action or proceeding, may terminate Borrower's right and license to collect the Rents, Issues and Profits and to administer the Leases, and enter, take possession of, complete construction on, manage and operate, and lease or sell, all or any part of the Collateral, and may also do any and all other things in connection with those actions that Lender may in its sole discretion consider necessary or appropriate to protect the security of this Deed of Trust or that are otherwise permitted to be taken or conducted by Lender under the Loan Agreement or any of the other Loan Documents. If Lender so requests, Borrower shall assemble any Collateral that has been removed from the Project and make all of it available to Lender at the Project site. The entering upon and taking possession of the Project, the collection of the Rents, Issues and Profits and the application thereof as aforesaid, or any of such acts, shall not cure or waive any default or notice of default hereunder or invalidate any other right or remedy that Lender may have in response to such default or pursuant to such notice and, notwithstanding the continued possession of the Project or the collection, receipt, and application of the Rents, Issues and Profits by Lender, Trustee, or Lender's receiver or agent, Trustee or Lender shall be entitled to exercise every right provided for in any of the Loan Documents or by law upon the occurrence of any Event of Default. Lender may take any of the actions permitted under Sections 6.2.1 and/or 6.2.3 regardless of the adequacy of the security for the Secured Obligations, or whether any or all of the Secured Obligations have been declared to be immediately due and payable, or whether notice of default and election to sell has been given under this Deed of Trust.

6.2.4 Judicial Action. Lender may commence and maintain an action or actions in any court of competent jurisdiction to foreclose this instrument as a mortgage or to obtain specific enforcement of the covenants of Borrower hereunder, and Borrower agrees that such covenants shall be specifically enforceable by injunction or any other appropriate equitable remedy and that Borrower waives the defense of laches and any applicable statute of limitations. If this Deed of Trust is foreclosed by judicial action, and the Collateral sold at a foreclosure sale, the purchaser may, during any redemption period allowed, make such repairs or alterations on the Land as may be reasonably necessary for the proper operation, care, preservation, protection and insuring thereof. Any sums so paid together with interest thereon from the time of such expenditure at the lesser of the Default Rate (as defined in the Note), or the maximum rate permitted by law, shall be added to and become a part of the amount required to be paid for redemption from such sale. In addition, Lender will be entitled to a judgment providing that, if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for the deficiency.

6.2.5 Realization on Security. Lender may resort to and realize upon or waive the security hereunder and any other security now or hereafter held by Lender in such order and manner as Trustee and Lender or either of them may, in their sole discretion, determine; which resort to such security may be taken concurrently or successively and in one or several consolidated or independent judicial actions or lawfully taken non-judicial proceedings, or both.

6.2.6 Uniform Commercial Code Remedies. With respect to all or any part of the Collateral that constitutes personal property, Lender shall have all of, and may exercise any or all of, the rights and remedies of a secured party under the Uniform Commercial Code in effect in the Project State.

6.2.7 Power of Sale. Lender may execute a written notice of such Event of Default and of its election to invoke this power of sale to cause all or part of the Collateral to be sold to satisfy the Secured Obligations. Under this power of sale, Lender shall have the discretionary right to cause some or all of the Collateral, including any Collateral property that constitutes personal property, to be sold or otherwise disposed of in any combination and in any manner permitted by applicable law.

6.2.7.1 Sales of Personal Property. For purposes of this power of sale, Lender may elect to treat as personal property any Collateral property that is intangible or that can be severed from the Land or Improvements without causing structural damage. If it chooses to do so, Lender may dispose of any personal property separately from the sale of real property, in any manner permitted by the Uniform Commercial Code in effect in the Project State, including, without limitation, any public or private sale, or in any manner permitted by any other applicable law. Any proceeds of any such disposition shall not cure any Event of Default or reinstate any Secured Obligation.

6.2.7.2 Trustee's Sales of Real Property or Mixed Collateral. Lender may also choose to dispose of some or all of the Collateral that consists solely of real property in any manner then permitted by applicable law. In its discretion, Lender may also or alternatively choose to dispose of some or all of the Collateral in any combination consisting of both real and personal property, together in one sale to be held in accordance with the law and procedures applicable to real property, if and as permitted in the Project State. Borrower agrees that such a sale of personal property constitutes a commercially reasonable sale of the personal property. For purposes of this power of sale, either a sale of real property alone, or a sale of both real and personal property together, will sometimes be referred to as a *"Trustee's Sale."*

6.2.7.3 Trustee's Sale Procedures. Before any Trustee's Sale, Lender or Trustee shall give and record such notice of default and election to sell as may then be required by law. When all legally mandated notices have been given and time periods have elapsed, Trustee shall sell the property being sold at a public auction to be held at the time and place specified in the notice of sale, and Lender may impose such terms and conditions of sale as are permitted or allowed by applicable law. From time to time in accordance with then applicable law, Trustee may, and in any event at Lender's request shall, continue any Trustee's Sale by public announcement at the time and place scheduled for that sale, or may, in its discretion, give a new notice of sale. Also, Lender may from time to time discontinue or rescind any notice of default or notice of sale before any Trustee's Sale as provided above, by executing and delivering to Trustee a written notice of such discontinuance or rescission. The exercise by Lender of such right of rescission shall not constitute a waiver of any breach or default then existing or subsequently occurring, or impair the right of Lender to execute and deliver to Trustee, as above provided, other declarations or notices of default to satisfy the Secured Obligations, nor otherwise affect any provision, covenant, or condition of any Loan Document, or any of the rights, obligations, or remedies of Trustee or Lender hereunder or thereunder.

6.2.7.4 Bidding at Trustee's Sale. At any Trustee's Sale, Trustee shall sell to the highest bidder at public auction for cash in lawful money of the United States, unless other terms and conditions of sale are prescribed by Lender in accordance with and as permitted by applicable law. Any person, including, without limitation, Borrower or Lender, may purchase at such sale, and Borrower hereby covenants to warrant and defend the title of such purchaser or purchasers. Trustee shall execute and deliver to the purchaser(s) at such sale a deed or deeds conveying the property being sold without any covenant or warranty whatsoever, express or implied. The recitals in any such deed of any matters or facts, including any facts bearing upon the regularity or validity of any Trustee's Sale, shall be conclusive proof of their truthfulness.

6.2.8 Single or Multiple Foreclosure Sales. If the Collateral consists of more than one lot, parcel or item of property, Lender may: (i) designate the order in which the lots, parcels and/or items shall be sold or

disposed of or offered for sale or disposition; and (ii) elect to dispose of the lots, parcels and/or items through (a) a single consolidated sale or disposition to be held or made under the power of sale granted herein, or in connection with judicial proceedings, or by virtue of a judgment and decree of foreclosure and sale; (b) through two or more such sales or dispositions, each of which may be separately noticed if so elected by Lender and permitted by applicable law; or (c) in any other manner Lender may deem to be in its best interests (any such sale or disposition, a "**Foreclosure Sale**"). If it chooses to have more than one Foreclosure Sale, Lender, at its option, may cause the Foreclosure Sales to be held simultaneously or successively, on the same day, or on such different days and at such different times and places and in such order as it may deem to be in its best interests, all as may be permitted under applicable law. No Foreclosure Sale shall terminate or affect the lien of this Deed of Trust on any part of the Collateral that has not been sold until all the Secured Obligations have been paid in full.

6.2.9 Credit Bidding. Upon sale of the Collateral at any judicial or non-judicial foreclosure, Lender may credit bid (as determined by Lender in its sole and absolute discretion) all or any portion of the Secured Obligations. In determining the amount of any credit bid, Lender may, but is not obligated to, take into account all or any of the following: (i) appraisals of the Collateral as such appraisals may be discounted or adjusted by Lender in its sole and absolute underwriting discretion; (ii) expenses and costs incurred by Lender with respect to the Collateral prior to foreclosure; (iii) expenses and costs Lender anticipates will be incurred with respect to the Collateral after foreclosure, but prior to resale, including, without limitation, the costs of any structural reports, environmental reports, or any remediation costs related thereto; (iv) anticipated discounts upon resale of the Collateral as a distressed or foreclosed property; and (v) such other factors or matters that Lender deems appropriate. In regard to the above, Lender is not required to use any or all of the foregoing factors to determine the amount of its credit bid and (a) this Section does not impose upon Lender any additional obligations that are not imposed by law at the time the credit bid is made; (b) the amount of Lender's credit bid need not have any relation to any loan-to-value ratios specified in the Loan Documents; and (c) Lender's credit bid may be higher or lower than any appraised value of the Collateral.

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

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

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

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

6.2.11 Repairs During Redemption Period. If this Deed of Trust is foreclosed as a mortgage and the Project is sold at a foreclosure sale, the purchaser may, during any redemption period allowed, make such repairs or alterations to the Project as may be reasonably necessary for the proper operation, care, preservation, protection and insuring thereof. Any sums so paid together with interest thereon from the time of such expenditure at the Default Rate shall be added to and become a part of the amount required to be paid for redemption from such sale.

6.2.12 Releases, Extensions, Modification, and Additional Security. Without affecting the liability of any person for payment of any of the Secured Obligations, Lender may make any agreement or take any action extending the maturity or otherwise altering the terms or increasing the amount of any of the Secured Obligations, and accept additional security or release all or a portion of the Collateral and/or other security for the Secured Obligations.

6.3 Remedies Not Exclusive. Trustee and/or Lender shall be entitled to enforce the payment and performance of any Secured Obligations and to exercise all rights and powers under this Deed of Trust, or any other Loan Document, notwithstanding the fact that some or all of the Secured Obligations may now or hereafter be otherwise secured. Trustee and/or Lender shall be entitled to enforce all such rights concurrently or separately, in such order and manner as they or either of them may in their absolute discretion determine. No remedy is intended to be exclusive of any other remedy, but each shall be cumulative and in addition to the others, to the fullest extent permitted by law.

6.4 Payment of Costs, Expenses, and Attorneys' Fees. All costs and expenses reasonably incurred by Trustee and Lender in enforcing the remedies available to them hereunder or otherwise protecting Lender's rights or interests (including, without limitation, court costs and attorneys' fees, whether incurred in litigation or not, expenses for evidence of title, appraisals and surveys and trustees' fees, and costs and fees relating to any bankruptcy, reorganization, or insolvency proceeding) shall constitute an additional obligation of Borrower to Lender and bear interest at the Default Rate from the date of expenditure until said sums have been paid.

7. NO TRANSFER, ASSIGNMENT, OR ENCUMBRANCE WITHOUT LENDER'S CONSENT

Borrower acknowledges and agrees that the Loan made by Lender to Borrower is personal to Borrower and that the identity of Borrower and its partners, members, managers, and employees, and of any guarantors, and the relationship between Borrower and Lender, Borrower's creditworthiness, business expertise, financial condition, and continued control of the Collateral were material inducements upon which Lender relied in making the Loan. Each of the following, without Lender's prior written consent, shall constitute an **"Unauthorized Transfer"**: (i) the sale, conveyance, assignment, encumbrance, or other transfer of any right, title, or interest in and to the Project or any other property comprising the Collateral, whether such sale, conveyance, assignment, encumbrance, or other transfer is voluntary or by operation of law, other than as specifically permitted under the Loan Documents; (ii) the sale, assignment, or transfer of any Borrower's interest under the Loan; (iii) the transfer, encumbrance or issuance of any stock, membership, partnership or other direct or indirect ownership interest in any Borrower, whether such transfer, issuance or encumbrance is voluntary or by operation of law; (iv) any action which results or could result in a change of control of a Borrower; (v) the transfer, encumbrance or issuance of any stock, membership, partnership or other direct or indirect ownership interest in any entity Guarantor, whether such transfer, issuance or encumbrance is voluntary or by operation of law; or (vi) any action which results or could result in a change of control of any entity Guarantor. Any Unauthorized Transfer or attempted Unauthorized Transfer shall constitute an Event of Default. Upon the occurrence of any Unauthorized Transfer, the entire outstanding principal balance of the Loan and any other amounts owing under the Loan shall become immediately due and payable, without any requirement for notice or demand.

8. RIGHTS UNDER COMMON INTEREST COMMUNITY LAWS AND CC&RS.

This Deed of Trust shall include the following rights in connection with any condominium project or subdivision to be developed on the Land:

8.1 Security Interest in Rights Under Common Interest Community Laws and CC&Rs. This Deed of Trust and Lender's security interest hereunder shall extend to all of Borrower's right, title and interest in and to any and all units, common elements, development rights, declarant rights and any other rights of Borrower in the Project now existing or subsequently arising under (i) all laws now existing or later enacted relating to condominiums, planned developments or other common interest communities (collectively, the **"CIC Laws"**) and (ii) any covenants, conditions, and restrictions or condominium declaration governing the Project, as the same may be amended from time to time with Lender's written consent (collectively, **"CC&Rs"**).

8.2 Representations and Warranties. Borrower hereby represents, warrants, and agrees:

8.2.1 Not to file, record or amend any CC&Rs or condominium or common interest community survey ("**Survey**") in connection with the Project without the prior written consent of Lender, which consent Lender shall not unreasonably withhold;

8.2.2 Not to file, adopt, amend, or cause to be adopted, filed, or amended, any documents establishing or governing any condominium association or homeowner's association for the Project (each an "**Association**") or governing the actions of owners, including but not limited to articles of incorporation or bylaws of any Association, design guidelines, or rules and regulations adopted by the Association (any such document, collectively with the CC&Rs and Survey, as any may be amended from time to time, the "**Governing Documents**"), without the prior written consent of Lender, which consent Lender shall not unreasonably withhold;

8.2.3 To take those steps necessary to ensure that any Governing Documents filed in connection with the Project comply with the condominium requirements, if applicable, of the Federal Housing Administration, the applicable version of the Fannie Mae Selling Guide, and the applicable version of the Freddie Mac Single-Family Seller/Service Guide;

8.2.4 To satisfy all obligations of, to make all payments due, and to observe and perform all terms and conditions to be performed by, Borrower (whether as a unit owner, Association member, or declarant) under the Governing Documents, CIC Laws, and other applicable law;

8.2.5 During any period of Borrower's declarant control, to cause the Association's officers and directors appointed by Borrower to comply with the Governing Documents and applicable law;

8.2.6 To prepare and file such annual reports and other documents as may be necessary to maintain entity registration of any Association controlled by Borrower or an Affiliate of Borrower, in the state where the Project is located; and

8.2.7 To pay all charges, including all common expenses liabilities and assessments (special or general), insurance, taxes and other items Borrower is or may later be responsible for paying under the Governing Documents, CIC Laws, or other applicable laws.

8.3 Proxy. Until such time as this Deed of Trust is reconveyed of record, Borrower pledges to Lender its vote and constitutes Lender as Borrower's proxy (which appointment is coupled with an interest) with sole right to vote upon:

8.3.1 any partition of all or any portion of the Land subject to a declaration for a common interest community;

8.3.2 the nature and amount of any insurance with respect to any common area property and disposition of any proceeds thereof;

8.3.3 the manner in which any condemnation or threat thereof shall be defended or settled;

8.3.4 determination as to whether or not to restore or rebuild any portion of the Improvements;

8.3.5 removal of all or any portion of the Land or Improvements from the CC&Rs; and

8.3.6 any modifications or amendments to the Governing Documents; and

8.3.7 any extensions, renewals, cancellations, transfers, or encumbrances of any unit that is part of the Project by deed, lease, or other instrument.

Notwithstanding the foregoing, during the occurrence of any Event of Default, at Lender's election, Borrower shall pledge to Lender its vote(s) and constitute Lender as Borrower's proxy (which appointment is coupled with an interest) with sole right to cast its vote(s) on all actions of any nature whatsoever submitted to a vote of the members of any Association governing any portion of the Project.

8.4 Notices, Etc. Borrower will provide, upon request of Lender, true and correct copies of:

- 8.4.1** any material notices to the members of the Association;
- 8.4.2** any statement of financial condition of the Association;
- 8.4.3** any notice of default issued to Borrower; and
- 8.4.4** any amendment or proposed amendment to the Governing Documents.

8.5 Payment of Common Expenses. Unless prohibited by law, Lender or Trustee, either prior to, contemporaneously with, or subsequent to the foreclosure of this Deed of Trust, or while pending the expiration of any applicable redemption period subsequent to a judicial foreclosure and sale upon execution of the Project, may pay common expenses for which Borrower may be liable to an Association, and subsequent to such payments Lender shall have a lien without merger on the Project for the amount paid of the same priority as the lien of this Deed of Trust, or if subsequent to sale or execution, said lien shall be prior to any lien held by any redemptioner as defined by law. In the event Lender is the successful bidder at any sale upon execution subsequent to a judicial foreclosure and obtains possessory rights to the Collateral subject to redemption by the judgment debtor or redemption as defined by law, any payments made by the Lender or its successor in interest to satisfy assessments levied by an Association and payable during the redemption period shall, in the event of any redemption, be recoverable by the Lender from the judgment debtor or its successors in interest, or any redemptioner in the same manner as any other assessment or tax would be recoverable.

8.6 Required Consent of Lender. Borrower shall not, except with Lender's prior written consent:

- 8.6.1** partition or subdivide the Land or the Project;
- 8.6.2** consent to the abandonment or termination of a common interest community; or
- 8.6.3** consent to any material amendment to the Governing Documents or any other action that requires the consent of mortgagees under the Governing Documents or applicable law.

9. ENVIRONMENTAL AND BUILDING LAWS.

9.1 Definitions

9.1.1 "Access Laws" means the Fair Housing Act of 1968, as amended, the Fair Housing Amendments Act of 1988, the Americans With Disabilities Act of 1990, as amended, all government and private covenants, conditions, and restrictions relating to the Site, building code requirements and laws affecting the construction of improvements on the Site, and all other federal, state and local laws, ordinances, regulations and rules relating to the construction, operation, and maintenance of the improvements on the Site and the marketing and use of such improvements in a non-discriminatory manner.

9.1.2 "Environmental Laws" means all federal, state and local laws, statutes, codes, ordinances, regulations, judgments, orders, injunctions, decrees, covenants, restrictions and standards presently in effect or that may be promulgated in the future applicable to Borrower or to the Site relating to industrial hygiene or to environmental or unsafe conditions or to human health including, but not limited to, those relating to the generation, manufacture, storage, handling, transportation, disposal, release, emission or discharge of Hazardous Substances, those relating to or connected with the construction (or construction-related activities), fuel supply, power generation and transmission, waste disposal or any other operations or processes relating to the Site, and those relating to the atmosphere, soil, grading, excavation, surface and ground water, storm water, wetlands, stream sediments and vegetation on, under, in or about the Site and Nearby Property (including those relating to the construction of improvements on the Site and the resulting water quality, air quality, soils quality and other environmental quality of the Site and Nearby Property). "Environmental Law" also shall include, but not be limited to, the following laws, as they have been or will be amended

from time to time: (a) the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986; (b) the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984; (c) the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977; (d) the Toxic Substances Control Act; (e) the Emergency Planning and Community Right-to-Know Act of 1986; (f) the Clean Air Act, as amended by the Clean Air Act Amendments; (g) the National Environmental Policy Act of 1969; (h) the River and Harbor Act of 1899; (i) the Endangered Species Act of 1973; (j) the Occupational Safety and Health Act of 1970; (k) the Safe Drinking Water Act; (l) the Hazardous Materials Transportation Act; (m) the Federal Resource Conservation and Recovery Act of 1976; (n) the Federal Hazardous Materials Transportation Control Act; and (o) the Federal Insecticide, Fungicide, and Rodenticide Act, Federal Pesticide Act of 1978; and all regulations from time to time adopted in respect to the foregoing laws, and all other federal, state and local laws, statutes, codes, ordinances, regulations, judgments, orders, injunctions, decrees, covenants, restrictions and standards presently in effect or that may be promulgated in the future relating to the use, release, handling, storage, transportation, clean-up, or other disposal of Hazardous Substances, or relating to the water quality, air quality, soils quality, and other environmental quality of real property and improvements located or to be constructed upon real property, or related to the protection of endangered species, as such laws and ordinances may be amended from time to time.

9.1.3 "Hazardous Substances" means any waste, pollutants, contaminants, petroleum or petroleum product, asbestos, tremolite, anthophyllite or actinolite, polychlorinated biphenyls, or other chemical, substance, or material that: (a) after release into the environment and upon exposure, ingestion, inhalation, or assimilation, either directly from the environment or indirectly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer and/or genetic abnormalities, or (b) is now or at any time in the future becomes regulated under, or is defined, classified or designated as hazardous, toxic, radioactive or dangerous, or other similar term or category under any Environmental Laws.

9.1.4 "Nearby Property" means real property that is adjacent to or in the immediate vicinity of the Site that could reasonably cause contamination of the Site or could become contaminated with Hazardous Substances as a result of construction, operations, or other activities involving Hazardous Substances on, over, or under the Site or on, over, or under such adjacent or nearby property.

9.1.5 "Site" means the real property legally described on EXHIBIT A hereto and all other property that now or hereafter secures the Loan, all buildings, improvements, and personal property now or hereafter located thereon, the soil, groundwater, streams crossing or abutting the real property, and the aquifers underlying such real property.

9.1.6 "Transition Date" means the date on which the lien of the Deed of Trust is fully and finally foreclosed or a conveyance by deed in lieu of such foreclosure is fully and finally effective and possession of all or any portion of the Site has been given to and accepted by Lender or any other purchaser or grantee.

9.2 No Waivers of Other Indemnifications Relating to Environmental Condition. Borrower represents and warrants to Lender that, except as set forth herein or in the Indemnity executed by Borrower in connection with the Loan: (i) Borrower has not and will not release or waive the liability of any past or current owner, tenant, or operator of the Site, any party who performs work on the Site, or any party who may be responsible for the presence of or removal of Hazardous Substances on or from the Site or the Nearby Property, and (ii) Borrower has made no prior promises of indemnification to any party relating to the existence or non-existence of Hazardous Substances on the Site.

9.3 Obligation to Comply with Environmental and Access Laws. Borrower shall keep and maintain the Site and Project in compliance with any and all Laws relating to public safety and the condition of the environment, including, but not limited to, Environmental Laws and Access Laws.

9.4 Prohibited Activities. Borrower agrees that, so long as Borrower owns any interest in the Project, Borrower and Borrower's agents, contractors, authorized representatives, and employees shall not engage in any of the following prohibited activities, and Borrower shall use diligent efforts to assure that employees, agents, and invitees do not: (i) cause or permit any release or discharge of Hazardous Substance on the Site in any manner or quantity that would violate any Environmental Law; (ii) cause or permit any manufacturing, storage, holding, handling, usage, placement, transporting, spilling, leaking, discharging, or dumping of Hazardous Substances in or on any portion of the Site; (iii) suffer or permit any other act upon or concerning the Site that would result in a violation of any Environmental Law; or (iv) suffer or permit any other act upon or concerning the Site that would result in a violation of any Access Law or require any alterations or improvements to be made on the Site under any of the Access Laws.

9.5 Obligation to Cure Non-Compliance.

9.5.1 If Borrower at any time becomes aware of (i) any Hazardous Substances on or other environmental problem or liability with respect to the Site or any Nearby Property in any manner or quantity that would violate any Environmental Law, (ii) any failure of the Site or the Improvements to comply with any of the Environmental Laws, (iii) any failure of the Site or the related improvements or the marketing efforts and other operations undertaken with respect thereto to comply with any of the Access Laws, or (iv) any lien, action or notice resulting from violation of any Environmental Laws or Access Laws, Borrower shall notify Lender immediately, and shall thereafter exercise due diligence to ascertain the scope and nature of such condition. If the condition is such that Environmental Laws require the giving of notice to the governmental agencies having appropriate jurisdiction or the implementation of other preventive measures, Borrower shall furnish such notice or implement such preventive measures promptly.

9.5.2 If, upon giving such notice or for any other reason, one or more governmental agencies having appropriate jurisdiction requires removal or treatment of Hazardous Substances from or on the Site or the making of alterations to Improvements on the Site to conform to Access Laws, or such removal, treatment, or alteration is required by Environmental Laws or Access Laws, Borrower will: (i) to the extent required by Environmental Laws, take all actions that are necessary or desirable to clean up any Hazardous Substances affecting the Site, including removal, treatment, containment or any other remedial action required to restore the Site to a safe condition in compliance with applicable Laws, including Environmental Laws, (ii) take all actions that are necessary or desirable to modify the Improvements and marketing materials so as to achieve compliance with applicable Laws, including Access Laws, and/or (iii) attempt, through appropriate legal or administrative proceedings, to obtain a stay of enforcement proceedings if Borrower believes in good faith that Borrower is not required by law to cure such Hazardous Substances condition or to make alterations to comply with Access Laws

9.6 Indemnification of Lender. Borrower shall indemnify, defend, and hold Lender harmless from and against any and all claims, demands, damages, losses, liens, liabilities, penalties, fines, lawsuits and other proceedings and costs and expenses (including reasonable attorneys' fees and costs) that result in actual cost and expense to Lender prior to the Transition Date and arise directly or indirectly from or out of, or in any way connected with: (i) the inaccuracy of representations made by Borrower regarding compliance of the Site with Environmental Laws and Access Laws; (ii) any activities on the Site that directly or indirectly result in the Site or any Nearby Property becoming contaminated with Hazardous Substances; (iii) any spills, releases, discharges or disposal of Hazardous Substances at or from the Site occurring prior to the Transition Date; (iv) the imposition, recording or filing of any lien with regard to Hazardous Substances prior to the Transition Date or relating to Hazardous Substances that existed on the Site prior to the Transition Date; (v) any non-compliance of the Site with or violation of any Environmental Law; (vi) the discovery and/or cleanup of Hazardous Substances that were deposited on or were existing on the Site prior to such Transition Date except to the extent that Lender, its agents, successors or assigns deposited such Hazardous Substances on the Site; (vii) the discovery and/or cleanup of Hazardous Substances that were deposited on any Nearby Property as a result of Borrower's actions or omissions; or (viii) any alleged or actual failure of any improvements now or hereafter constructed on the Site to continuously comply with all Access Laws now or hereafter enacted for any reason whatsoever. Borrower acknowledges that, as between Borrower and Lender, Borrower will be solely responsible for all

costs and expenses relating to the cleanup of Hazardous Substances from the Site or the cleanup of any Hazardous Substances from any Nearby Property as a result of Borrower's actions or omissions and the modification and correction of any of the Improvements to comply fully with all Access Laws.

10. MISCELLANEOUS PROVISIONS

10.1 Re-Appraisal. Lender shall have the right to re-appraise the Collateral and require an immediate re-margining prepayment of the Loan in accordance with the terms and conditions of the Loan Agreement.

10.2 Additional Provisions. The Loan Documents fully state all the terms and conditions of the parties' agreement regarding the matters mentioned in or incidental to this Deed of Trust. The Loan Documents also grant further rights to Lender and contain further agreements and affirmative and negative covenants by Borrower that apply to this Deed of Trust and to the Collateral.

10.3 Additional Security. If Lender at any time holds additional security for any of the Secured Obligations, all such security shall be taken, considered, and held as cumulative, and Lender may enforce the sale thereof or otherwise realize upon the same, at its option, either before or concurrently with the exercise of any of its rights or remedies hereunder or after a sale is made hereunder.

10.4 Partial Invalidity. If any term of this Deed of Trust, or the application thereof to any person or circumstances, shall, to any extent, be invalid, void, or unenforceable, the remainder of this Deed of Trust, or the application of such term to persons or circumstances other than those as to which it is invalid, void, or unenforceable, shall not be affected thereby, and each term of this Deed of Trust shall be valid and enforceable to the fullest extent permitted by law. If the lien of this Deed of Trust is invalid, void or unenforceable as to any part of the Secured Obligations, or if the lien is invalid, void or unenforceable as to any part of the Collateral, the unsecured or partially secured portion of such indebtedness shall be completely paid prior to the payment of the remaining and secured or partially secured portion of such Secured Obligations, and all payments made on such Secured Obligations shall be considered to have been first paid on and applied to the full payment of that portion of such indebtedness that is not secured or fully secured by the lien of this Deed of Trust.

10.5 No Waiver or Cure. No waiver or delay or omission in the exercise or enforcement by Lender of any of its rights or remedies hereunder or under any of the other Loan Documents shall be considered to establish a course of dealing or be a waiver of any subsequent application of, or right to enforce, such right or remedy, or of the right to enforce any other right or remedy of Lender in another instance.

10.6 Waiver of Marshaling. Borrower waives all rights, legal and equitable, it may now or hereafter have to require marshaling of assets or to require upon foreclosure sales of assets in a particular order. Each successor and assign of Borrower, including any holder of a lien subordinate to this Deed of Trust, by acceptance of its interest or lien agrees that it shall be bound by the above waiver, as if it had given the waiver itself.

10.7 Amendments. This Deed of Trust can only be modified or terminated by a written instrument signed by the party against whom enforcement of any waiver, change, discharge, or termination is sought.

10.8 Successors in Interest. Subject to the limitations on transfer contained in the Loan Documents, the terms, covenants, and conditions herein contained shall be binding upon and inure to the benefit of the heirs, legatees, devisees, administrators, executors, successors and assigns of the parties hereto.

10.9 Modifications of Other Documents. References to the Note, the Loan Agreement, and the Loan Documents, in this document shall be deemed to include all modifications, extensions, and renewals thereof.

10.10 Joint and Several Obligations. If more than one person has executed this Deed of Trust as Borrower, the obligations of all such persons hereunder shall be joint and several.

10.11 Applicable Law. The provisions of this Deed of Trust shall be governed by and construed in accordance with the laws of the Project State, without regard to the choice of law rules of the Project State.

10.12 Merger. No merger shall occur as a result of Lender's acquiring any other estate in or any other lien on the Collateral unless Lender consents to a merger in writing.

10.13 Attachments. This Deed of Trust includes the Exhibits listed below, which are attached hereto and incorporated herein by this reference:

EXHIBIT A – Legal Description

10.14 State Specific Provisions – Washington.

10.14.1 Not Agricultural Land. The Collateral is not used principally for agricultural purposes.

10.14.2 Commercial Purposes. Borrower represents and warrants to Lender that the Secured Obligations were not incurred primarily for personal, family or household purposes.

10.14.3 Assignment of Leases and Rents. Notwithstanding the characterization of the assignment of leases and rents in Section 4.1, as an absolute assignment, the assignment of rents shall be perfected by recording of this Deed of Trust, and Lender shall have all rights of a holder of a security assignment of rents under applicable law, including, without limitation, RCW 7.28.230.

10.14.4 Payment of Rents. For purposes of RCW 61.24.140, Section 4.1 of this Deed of Trust constitutes written consent by Borrower, as landlord under any Leases, to the payment of Rents, Issues, and Profits directly from the Lessees to Lender.

10.14.5 Unsecured Obligations. Notwithstanding anything to the contrary set forth herein, or any of the other Loan Documents, this Deed of Trust shall not secure the following obligations (the "**Unsecured Obligations**"): (i) the obligations of Borrower as a guarantor under any guaranty, (ii) any obligations evidenced by or arising under any Independent Indemnity, and (iii) any other obligations in this Deed of Trust or in any of the other Loan Documents to the extent that such other obligations relate specifically to the presence on the Project of Hazardous Substances (as defined in the Loan Agreement) and are the same or have the same effect as any of the obligations evidenced by or arising under any Independent Indemnity. Any breach or default with respect to the Unsecured Obligations shall constitute an Event of Default hereunder, notwithstanding the fact that such Unsecured Obligations are not secured by this Deed of Trust.

10.15 Construction Mortgage. This Deed of Trust secures advances to be used for the construction of improvements on the Land, and constitutes a "construction mortgage" under RCW 62A.9A.334.

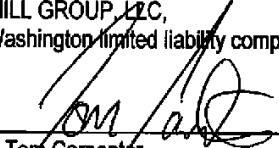
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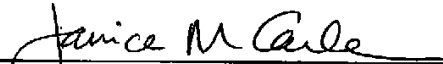
ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

DATED as of the day and year first above written.

GRANTOR / BORROWER:

D HILL GROUP, LLC,
a Washington limited liability company

By 
Tom Carpenter
Its Authorized Representative

By 
Janice Carle
Its Authorized Representative

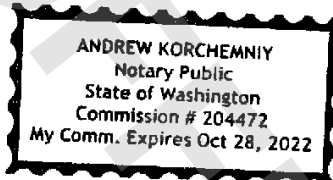
STATE OF WASHINGTON

}

ss.

COUNTY OF King

This record was acknowledged before me on October 29, 2020, by Tom Carpenter as the Authorized Representative of D HILL GROUP, LLC, a Washington limited liability company.



Andrew Korchemniy
Printed Name Andrew Korchemniy
NOTARY PUBLIC
My Commission Expires Oct 28, 2022

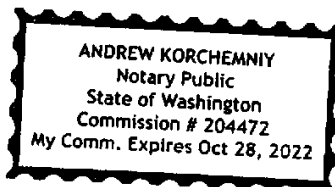
STATE OF WASHINGTON

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ss.

COUNTY OF King

This record was acknowledged before me on October 29, 2020, by Janice Carle as the Authorized Representative of D HILL GROUP, LLC, a Washington limited liability company.



Andrew Korchemniy
Printed Name Andrew Korchemniy
NOTARY PUBLIC
My Commission Expires Oct 28, 2022

EXHIBIT A
LEGAL DESCRIPTION

PARCEL "A":

Lots 1 to 6, inclusive, and Lots 15 to 20, inclusive, Block 28, "KELLOGG & FORD'S ADDITION TO ANACORTES, WASHINGTON," as per plat recorded in Volume 1 of Plats, page 41, records of Skagit County, Washington.

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

PARCEL "B":

The South 396 feet of the West $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 25, Township 35 North, Range 1 East, W.M.

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