

RECORDED AT THE REQUEST OF
AND AFTER RECORDING RETURN TO:

Housing Authority of Skagit County
1650 Port Drive
Burlington, WA 98233
Attn: Executive Director

1st AM
1009324 - 8 pgs

**LEASEHOLD DEED OF TRUST,
(Seller Loan)**

Grantor: Housing Authority of Skagit County Mount Vernon
Farmworker LLLP

Grantee #1 (Trustee): First American Title Insurance Company

Grantee #2 (Beneficiary) Housing Authority of Skagit County

Abbreviated

Legal Description: SW NW of Sec. 15, Twp. 34 N., R. 4 E., WM
(Additional legal description on Exhibit A)

Assessor's Tax Parcel ID
No.: P24832

THIS LEASEHOLD DEED OF TRUST ("Leasehold Deed of Trust") is granted as of October 21st, 2021, by Housing Authority of Skagit County Mount Vernon Farmworker LLLP, a Washington limited liability limited partnership ("Grantor"), whose address is c/o Housing Authority of Skagit County 1650 Port Drive Burlington, WA 98233, to First American Title Insurance Company as trustee ("Trustee"), whose address is 920 Fifth Avenue, Suite 1200, Seattle, WA 98104, for the benefit of the Housing Authority of Skagit County, a public body corporate and politic of the State of Washington ("Beneficiary"), whose address is 1650 Port Drive Burlington, WA 98233.

Beneficiary loaned Grantor the sum of **THREE HUNDRED SIXTY THOUSAND AND 00/100 DOLLARS (\$360,000.00)** (the "Loan"), which indebtedness is evidenced by that certain Promissory Note by Grantor in favor of Beneficiary, dated of even date herewith (as modified,

supplemented, extended, renewed, or replaced from time to time, the “Note”). As a condition to making the Loan evidenced by the Note, Beneficiary has required, and Grantor has agreed to execute and deliver, this Leasehold Deed of Trust.

NOW, THEREFORE, for the purpose of securing the Obligations described in Section 1.1 below, Grantor irrevocably grants, bargains, sells, conveys, assigns, and transfers to Trustee in trust for the benefit and security of the Beneficiary, with power of sale and right of entry and possession, all of Grantor’s right, title, and interest in and to the real property located in Skagit County, State of Washington, and more particularly described in **Exhibit A** attached to this Leasehold Deed of Trust and incorporated herein (the “Property”).

TOGETHER WITH all interests, estates and rights that Grantor now has or may acquire in the Property, all tenements, hereditaments, and appurtenances in any manner belonging, relating, or appertaining to the Property; and all rights, titles, and interests of Grantor, now owned or hereafter acquired, in and to any and all buildings and other improvements of every nature now or hereafter located on the Property and all fixtures, machinery, equipment, and other personal property located on the Property or attached to, contained in, or used in any such buildings and other improvements, and all appurtenances and additions to and substitutions and replacements of the Property (all of the foregoing being collectively referred to below as the “Improvements”).

TO HAVE AND TO HOLD the Property to Trustee and its successors and assigns for the benefit of Beneficiary and its successors and assigns, forever.

PROVIDED ALWAYS, that if all the Obligations (as defined in Section 1.1 below) shall be paid, performed, and satisfied in full, then the lien and estate granted by this Leasehold Deed of Trust shall be reconveyed.

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

1. Particular Covenants and Warranties of Grantor

1.1 Obligations Secured. This Leasehold Deed of Trust secures the payment of all principal and interest on, and other obligations under the Note and the performance of all covenants and obligations of Grantor under the Note and this Leasehold Deed of Trust (collectively, the “Obligations”).

1.2 Compliance with Laws. Grantor will comply with all legal requirements affecting the Property.

1.3 Maintenance and Improvements. Grantor shall maintain every portion of the Property in good repair, working order, and condition, except for reasonable wear and tear.

1.4 Liens. Grantor shall pay when due all claims for labor, materials, or supplies that if unpaid might become a lien on all or any portion of the Property (or may bond over such liens to Beneficiary’s reasonable satisfaction) except for those which Grantor is contesting in good faith.

Grantor shall not create, or suffer, or permit to be created, any mortgage, deed of trust, lien, security interest, charge, or encumbrance upon the Property prior to, on a parity with, or subordinate to the lien of this Leasehold Deed of Trust, except as previously approved by Beneficiary.

1.5 **Impositions.** Grantor shall pay or cause to be paid, when due and before any fine, penalty, interest, or cost attaches, all taxes, assessments, fees, levies, and all other governmental and nongovernmental charges of every nature now or hereafter assessed or levied against any part of the Property except for those which Grantor is contesting in good faith. Grantor shall furnish to Beneficiary, promptly upon request, satisfactory evidence of the payment of all Impositions. Beneficiary is hereby authorized to request and receive from the responsible governmental and nongovernmental personnel written statements with respect to the accrual and payment of all Impositions.

1.6 **Insurance.** Grantor shall obtain and maintain in full force and effect during the term of this Leasehold Deed of Trust property and liability insurance on the Property reasonably satisfactory to the Beneficiary.

2. Events of Default; Remedies

2.1 The occurrence of either of the following will constitute an "**Event of Default**" under this Leasehold Deed of Trust: (a) an Event of Default (as defined in the Note) under the Note (after the expiration of any applicable notice and cure period), or (b) any failure to perform, when required, any other obligation under this Leasehold Deed of Trust within thirty (30) days (or such longer period as may be reasonably required, provided Grantor is diligently prosecuting a cure) after written notice from Beneficiary specifying the failure. Subject to Section 3.5 hereof, if an Event of Default occurs, Beneficiary or Trustee may exercise any one or more of the rights and remedies available by law, in equity, or otherwise. Beneficiary may direct Trustee, and Trustee shall be empowered, to foreclose the Property by advertisement and sale under applicable law. Beneficiary may judicially foreclose this Leasehold Deed of Trust and obtain a judgment foreclosing Grantor's interest in all or any part of the Property. All remedies under this Leasehold Deed of Trust are cumulative and not exclusive. Any election to pursue one remedy shall not preclude the exercise of any other remedy. An election by Beneficiary to cure any breach of Grantor hereunder shall not constitute a waiver of the default or of any of the remedies provided in this Leasehold Deed of Trust. No delay or omission in exercising any right or remedy shall impair the full exercise of that or any other right or remedy or constitute a waiver of the Event of Default. With respect to any default that Grantor has a right to cure, the limited partner of Grantor, Wincopin Circle LLLP, a Maryland limited liability limited partnership, and/or its permitted successors and assigns (the "**Limited Partner**"), shall have the same right, but no obligation, to cure during the same cure period, and Beneficiary shall accept the performance of such cure by the Limited Partner, to the extent such performance constitutes a cure, as if Grantor had performed such cure.

3. General Provisions

3.1 **Time is of the Essence.** Time is of the essence with respect to all covenants and obligations of Grantor under this Leasehold Deed of Trust.

3.2 **Reconveyance by Trustee.** At any time upon the request of Beneficiary, payment of Trustee's fees, if any, and presentation of this Leasehold Deed of Trust, without affecting the liability of any persons for the payment of the Obligations, Trustee may reconvey, without warranty, all or any part of the Property. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any facts shall be conclusive proof of the truthfulness thereof.

3.3 **Notice.** Except as otherwise provided in this Leasehold Deed of Trust, all notices pertaining to this Leasehold Deed of Trust shall be in writing and may be delivered by hand, or mailed by first class, registered, or certified mail, return-receipt requested, postage prepaid, and addressed to the appropriate party at its address set forth at the outset of this Leasehold Deed of Trust. Any party may change its address for such notices from time to time by notice to the other parties. Notices given by mail in accordance with this paragraph shall be deemed to have been given upon the date of mailing; notices given by hand shall be deemed to have been given when actually received. A copy of each notice of default shall be sent to the Limited Partner at:

Wincopin Circle LLLP
c/o Enterprise Community Asset Management, Inc.
70 Corporate Center
11000 Broken Land Parkway, Suite 700
Columbia, MD 21044
Attn: Asset Management
Fax: (410) 772-2630

And to:

sshack@enterprisecommunity.com
Attention: General Counsel

With a copy to:

Craig A. Emden, Esq.
Bocarlsy Emden Cowan Esmail & Arndt LLP
7700 Old Georgetown Road, Suite 600
Bethesda, MD 20814
Fax: 301-654-4007

3.4 Substitute Trustee. In the event of dissolution or resignation of Trustee, Beneficiary may substitute one or more trustees to execute the trust hereby created, and the new trustee(s) shall succeed to all the powers and duties of the prior trustee(s).

3.5 Limit on Remedies. Notwithstanding anything to the contrary set forth in this Leasehold Deed of Trust, in no event shall Beneficiary have the right to exercise a Possessory Remedy (as hereinafter defined) prior to the last day of the Compliance Period (as such term is defined in Internal Revenue Code Section 42). A "Possessory Remedy" shall mean judicial foreclosure, foreclosure by power of sale, appointment of a receiver, reverter, joining with any creditor in commencing any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or any other remedy that would deprive the Grantor of the elements of ownership and control necessary to be considered the owner of the Property for federal income tax purposes.

Notwithstanding the foregoing, for any period of time in which Beneficiary or its affiliates is a general partner of Grantor, Beneficiary shall not be authorized to take the steps enumerated hereunder with respect to an Event of Default. In addition, Beneficiary shall not exercise any of its remedies hereunder without having given notice of the Event of Default to the Limited Partner, simultaneously with the giving of notice to Grantor. The Limited Partner shall have the same cure period after the giving of a notice as provided to Grantor, plus an additional period of 60 days. If the Limited Partner elects to cure the default (and nothing hereunder binds the Limited Partner to do so), Beneficiary agrees to accept such performance as though the same had been done or performed by Grantor.

3.6 Leasehold Deed of Trust Binding on Successors and Assigns. This Leasehold Deed of Trust shall be binding upon and inure to the benefit of the successors and assigns of Grantor, Trustee, and Beneficiary. If the Property or any portion thereof shall at any time be vested in any person other than Grantor, Beneficiary shall have the right to deal with such successor regarding this Leasehold Deed of Trust, the Property and the Obligations in such manner as Beneficiary deems appropriate in its sole discretion, without notice to or approval by Grantor and without impairing Grantor's liability for the Obligations.

3.7 Expenses and Attorney Fees. Beneficiary shall be entitled to recover its reasonable costs and attorneys' fees incurred in any legal action related to this Leasehold Deed of Trust in which it is the prevailing party.

3.8 Applicable Law. This Leasehold Deed of Trust and the validity, interpretation, performance, and enforcement of this Leasehold Deed of Trust shall be governed by the laws of the State of Washington.

3.9 Severability. If any provision of this Leasehold Deed of Trust shall be held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Leasehold Deed of Trust, and such other provisions shall be construed as if the invalid, illegal, or unenforceable provision had never been contained in this Leasehold Deed of Trust.

3.10 Refinance at Maturity of Senior Loan. Beneficiary agrees to and acknowledges that the Grantor intends to refinance the unpaid principal balance of the senior loan evidenced by that certain Promissory Note in the original principle amount of \$9,855,000, made by Grantor in favor of Banner Bank, dated effective as of October 1, 2021 (the "Senior Loan"), at its maturity or at any earlier date when prepayment of the Senior Loan is permitted. Beneficiary agrees that it will permit such refinancing so long as the amount of the new loan does not exceed the amount necessary to refinance the Senior Loan plus reasonable closing costs and is otherwise made upon commercially reasonable terms and the lender and loan are otherwise acceptable to Beneficiary (the "Replacement Senior Loan"). Beneficiary agrees that the Loan evidenced by this Leasehold Deed of Trust shall be, and remain subordinate in all respects to, any executed and recorded document(s) securing the Replacement Senior Loan.

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.

[Signature Page Follows]

**EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY**

PARCEL A:

THE SOUTH 616 FEET OF THE FOLLOWING DESCRIBED PROPERTY:

THE EAST 1/2 OF THE EAST 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 15, TOWNSHIP 34 NORTH, RANGE 4 EAST, W.M.

EXCEPT THAT PORTION CONVEYED TO THE STATE OF WASHINGTON BY DEED DATED MAY 29, 1986 AND RECORDED UNDER AUDITOR'S FILE NO. 8610010020, RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN THE CITY OF MOUNT VERNON, COUNTY OF SKAGIT, STATE OF WASHINGTON.

PARCEL B:

AN EASEMENT FOR STORMWATER POND AS ESTABLISHED UNDER OPERATIONS, MAINTENANCE, AND EASEMENT AGREEMENT FOR DRAINAGE AND STORMWATER FACILITIES RECORDED October 21st, 2021, UNDER RECORDING NO. 202110210093.