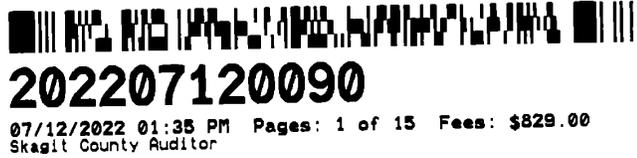


After Recording Return To:

Law Office of Ryan R. Agnew  
PO Box 601  
Milton, WA 98354



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**AMENDED AND RESTATED DEED OF TRUST, ASSIGNMENT OF  
RENTS, SECURITY AGREEMENT, AND FIXTURE FILING**

Grantors: Clarion Holdings LLC

AF# 202004140075

Grantees: The Law Office of Ryan R Agnew, PS (Trustee)  
Vaughn, Margaret (Beneficiary)

Legal Description: (0.9100 AC) LOT 22, CITY OF SEDRO WOOLLEY BINDING SITE  
PLAN OF SUNSET INDUSTRIAL PARK NO. SW-01-93, APPROVED  
JUNE 9, 1994 AND RECORDED JUNE 10, 1994 IN VOLUME 11 OF  
SHORT PLATS, PAGES 83 AND 84, UNDER AUDITOR'S FILE NO.  
9406100051, RECORDS OF SKAGIT COUNTY, WASHINGTON;  
BEING A PORTION OF THE SOUTH 1/2 OF THE NORTHEAST 1/4  
OF SECTION 23, TOWNSHIP 35 NORTH, RANGE 4 EAST, W.M.

Situate in the City of Sedro Woolley, County of Skagit, State of  
Washington.

Tax Parcel/Account No.: P37346/8003-000-022-0001

**AMENDED AND RESTATED DEED OF TRUST, ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT, AND FIXTURE FILING**

THIS AMENDED AND RESTATED DEED OF TRUST, amending and restating the certain Real and Personal Property Security Agreement dated April 14, 2020, is executed by **Clarion Holdings LLC, a Washington limited liability company** (“Grantor”), whose mailing address is 624 Sunset Park Drive, Sedro Woolley, Washington 98233, in favor of The **Law Office of Ryan R. Agnew, P.S.** (“Trustee”), a Washington professional service corporation whose mailing address is PO Box 601, Milton, WA 98354, for the benefit of the **Margaret Vaughn, individually** (referred to below as “Beneficiary”), an individual, whose mailing address is 24540 NE 11<sup>th</sup> Street, Redmond, Washington 98074.

For purposes of Article 9 of the Uniform Commercial Code (RCW 62A.9), this Deed of Trust constitutes a Security Agreement with the Grantor being the Debtor and the Beneficiary being the Secured Party. This Deed of Trust also constitutes a Financing Statement filed as a fixture filing pursuant to Article 9 of the Uniform Commercial Code (RCW 62A.9-402(6)).

For good and valuable consideration, receipt of which the Grantor acknowledges, Grantor hereby irrevocably GRANTS, TRANSFERS, CONVEYS and ASSIGNS to Trustee, IN TRUST, WITH POWER OF SALE, all of Grantor’s present and future estate, right, title, claim, and interest, either in law or in equity, in and to the following property (“Property”):

- (a) The real property described on the cover page of this Deed of Trust, together with all rights to the alleys, streets and roads adjoining or abutting the real property, all easements, access, air and development rights, minerals and oil, gas and other hydrocarbon substances, water, water rights and water stock, and all other rights, hereditaments, privileges, and appurtenances now or hereafter belonging or in any way appertaining to such real property (the “Land”).
- (b) All buildings, improvements and tenements now or hereafter located on the Land (“Improvements”), including without limitation all fixtures and articles of property attached to, or used or adapted for use in the ownership, development, operation or maintenance of the Land and Improvements (whether such items are leased, owned, or subject to any title-retaining or security instrument); all heating, cooling, air-conditioning, ventilating, refrigerating, plumbing, generating, power, lighting, laundry, maintenance, incinerating, lifting, cleaning, fire prevention and extinguishing, security and access control, cooking, gas, electric and communication fixtures, equipment and apparatus; all engines, motors, conduits, pipes, pumps, tanks, ducts, compressors, boilers, water heaters and furnaces; all ranges, stoves, disposers, refrigerators and other appliances; all escalators and elevators, baths, sinks, all cabinets, partitions, mantels, built-in mirrors, window shades, blinds, screens, awnings, storm doors, windows and sash; all carpeting, underpadding, floor covering, paneling, and draperies; all furnishings of public spaces, halls and lobbies; and all shrubbery and plants. All such items shall be deemed part of the Land and not severable wholly or in part without material injury to the freehold.
- (c) All of the present and future rents, revenues, issues, profits and income of the Land and Improvements, and all present and future leases and other agreements for the occupancy or use of all or any part of the Land and Improvements, including without limitation all cash or security deposits, advance rentals and deposits or payments of similar nature, and all guarantees of tenants’ or occupants’ performance under such leases and agreements.
- (d) All tangible and intangible personal property now or hereafter used or acquired in connection with the ownership, development, operation or maintenance of the Land and Improvements, including without limitation all furniture, furnishings, equipment, supplies, and

other goods, wherever located, whether in the possession of Grantor, warehousemen, bailee, or any other person; all site plans, plats, architectural plans, specifications, work drawings, surveys, engineering reports, test borings, market surveys, and other similar work products; all permits, licenses, franchises, and trade names; all contract rights (including without limitation architectural, construction, engineering, consulting, and management contracts and performance, payment, completion, and other surety bonds); and all claims, causes of action, warranties, accounts receivable, escrow accounts, insurance policies, deposits, instruments, documents of title, general intangibles, and business records.

(e) All proceeds of the foregoing.

TO SECURE EACH AND ALL OF THE FOLLOWING (the “**Secured Obligations**”):

- (1) Payment when due of the sum of Three Hundred Ten Thousand Two Hundred Eighty-Nine and 50/100 United States Dollars (\$310,289.50 USD), with interest thereon, in accordance with the terms of the Real and Personal Property Security Agreement by and among AltoTerra Capital Partners Ltd. (“**Debtor**”), Grantor, and Beneficiary recorded with Skagit County Auditor on April 14, 2020 including any renewals, modifications, and extensions thereof (the “**Agreement**”); and
- (2) Timely payment and performance of any and all obligations of the Grantor provided for by this Deed of Trust.

**GRANTOR HEREBY REPRESENTS, WARRANTS, COVENANTS AND AGREES AS FOLLOWS:**

#### **ARTICLE I TITLE AND USE**

**1.1. Warranty of Title.** Grantor covenants and agrees that: (i) Grantor holds marketable fee simple title to the Property with the full right and power to grant, convey and assign the Property, (ii) the Property is free from liens of any kind whatsoever except for the lien of this Deed of Trust, and is free from any encumbrances other than the Champ Systems Inc. Profit Sharing Plan Deed of Trust and the Amick Family Trust Deed of Trust both dated December 16, 2019, (iii) **no other liens or encumbrances, whether superior or inferior to this Deed of Trust, shall be created or suffered to be created by Grantor without the prior written consent of Beneficiary**, (iv) no default on the part of Grantor or any other person exists, (v) Grantor shall forever warrant and defend the Property unto Beneficiary against all claims and demands of any other person whatsoever, subject only to non-delinquent taxes and assessments and any encumbrances arising by, through or under Beneficiary.

**1.2. Non-Agricultural Use.** Grantor represents and warrants to Beneficiary that the Property is not used principally for any agricultural or farming purposes.

**1.3. Hazardous Substances.**

**1.3.1. Covenant.** Grantor covenants and agrees that Hazardous Substances shall not be generated, processed, stored, transported, handled or disposed of on the Property by any person or entity, except in accordance with all applicable laws.

**1.3.2. Definition.** “Hazardous Substance” means any substance which now or hereafter becomes regulated under any federal, state or local statute, ordinance, rule, regulation or other law relating to environmental protection, contamination or cleanup.

**1.3.3. Notification; Cleanup.** Grantor shall immediately notify Beneficiary if Grantor becomes aware of (i) any Hazardous Substance problem or liability with respect to the Property, (ii) any actual or alleged violation with respect to the Property of any federal, state or local statute, ordinance, rule, regulation or other law relating to Hazardous Substances, or (iii) any lien or action with respect to any of the foregoing. Unless the release of the Hazardous Substances has arisen or arises by, through or under Beneficiary, Grantor shall, at its sole expense, (a) take all actions as may be necessary or advisable for the cleanup of Hazardous Substances with respect to the Property, including without limitation, all removal, containment and remedial actions in accordance with all applicable laws and in all events in a manner satisfactory to Beneficiary, and (b) shall further pay or cause to be paid all cleanup, administrative and enforcement costs of governmental agencies if obligated to do so by contract or by law.

**1.3.4. Right of Entry.** Beneficiary is hereby authorized to enter the Property, including the interior of any structure, at reasonable times, and after reasonable notice, for the purpose of inspecting the Property to determine Grantor’s compliance with this Section 1.3. So long as the Property tenant holds a cannabis license issued by the Washington State Liquor and Cannabis Board (“LCB”), all entry onto the Property will comply with the visitor requirements set forth in WAC 314-55.

## ARTICLE II GRANTOR’S COVENANTS

**2.1 Payment and Performance of Secured Obligations.** Grantor shall pay, or cause Debtor to pay, as and when due all sums which are now or which may become owing under the Agreement, shall pay and perform, or cause Debtor to pay and perform, all other Secured Obligations in accordance with their terms.

**2.2 Payment of Taxes, Utilities, Liens and Charges.**

**2.2.1. Taxes and Assessments.** Grantor shall pay when due directly to the payee thereof all taxes and assessments (including without limitation, non-governmental levies or assessments such as maintenance charges, owner association dues or charges, or fees, levies or charges resulting from covenants, conditions or restrictions) levied, assessed or charged against or with respect to the Property or this Deed of Trust. Upon request, Grantor shall promptly furnish to Beneficiary all notices of amounts due under this subparagraph and all receipts evidencing such payments.

**2.2.2. Utilities.** Grantor shall pay when due all utility charges and assessments for services furnished the Property.

**2.2.3. Labor and Materials.** Grantor shall pay when due the claims of all persons supplying labor or materials to or in connection with the Property.

**2.2.4. Liens and Charges.** Grantor shall promptly discharge any lien, encumbrance, or other charge, whether superior or inferior to this Deed of Trust, which may be claimed against the Property; provided that Grantor shall have the right to contest the amount or validity in whole or in part of any lien, encumbrance or other charge against the Property by appropriate proceedings conducted in good faith and with due diligence, in which event Grantor, upon prior written notice to Beneficiary, may postpone or defer payment of such lien, encumbrance or other charge so long

as (i) such proceedings shall operate to prevent the collection of the lien, encumbrance or other charge; (ii) neither the Property nor any part thereof will, by reason of such postponement or deferment, be in danger of being forfeited or lost; and (iii) Grantor, before the date such lien, encumbrance or other charge becomes delinquent, gives such reasonable security as may be requested by Beneficiary to ensure payment thereof and prevent any forfeiture or loss of the Property or any part thereof.

**2.2.5. Taxes, Assessments and Other Charges Imposed on Beneficiary.** If, at any time after the date of this Deed of Trust, any law is enacted or changed (including any interpretation thereof) which subjects Beneficiary to any increase in any tax (except federal income taxes), assessment, or other charge, in any form measured by or based on any portion of the indebtedness secured by this Deed of Trust, Grantor shall pay such increased amount to Beneficiary on demand.

### **2.3. Insurance.**

**2.3.1. Coverages Required.** Grantor shall keep the following insurance coverages in effect with respect to the Property:

(a) Insurance against loss by fire and the hazards now or hereafter embraced by the standard "All Risk" form of insurance, in an amount equal at all times to the full insurable value of the Improvements. All such insurance coverage shall contain a "replacement cost indorsement" without reduction for depreciation, and shall contain such other indorsements as Beneficiary may reasonably request. All such indorsements shall be in form and substance satisfactory to Beneficiary.

(b) Comprehensive general liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Property in commercially reasonable amounts and on terms reasonably acceptable to the Beneficiary.

**2.3.2. Policies.** Each insurance policy shall be with a company and in a form acceptable to Beneficiary. **Each hazard insurance policy shall with include a Form 438BFU or equivalent mortgagee indorsement in favor of Beneficiary. If reasonably available, all required policies will provide for at least ten (10) days' written notice to Beneficiary prior to the effective date of any cancellation or material amendment, which term shall include any reduction in the scope or limits of coverage. On request of Beneficiary, Grantor shall furnish to Beneficiary the original of each required insurance policy, or a certified copy thereof together with a certificate of insurance setting forth the coverage, the limits of liability, the carrier, the policy number and the expiration date. As security for the Secured Obligations, Grantor hereby assigns to Beneficiary all required insurance policies, together with all proceeds thereof, rights thereto and all unearned premiums returnable upon cancellation.**

**2.3.3. Payment; Renewals.** Grantor shall promptly furnish to Beneficiary all renewal notices relating to insurance policies upon Beneficiary's request. Grantor 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, Grantor shall furnish to Beneficiary a renewal policy in a form acceptable to Beneficiary, together with evidence that the renewal premium has been paid.

**2.3.4. Application of Insurance Proceeds.** In the event of any loss, Grantor shall give prompt written notice thereof to the insurance carrier and Beneficiary. Grantor hereby authorizes Beneficiary as Grantor's attorney-in-fact to make proof of loss, to adjust and compromise any claim, to commence, appear in and prosecute, in Beneficiary's or Grantor's name, any action

relating to any claim, and to collect and receive insurance proceeds; provided, however, that Beneficiary shall have no obligation to do so. Beneficiary shall apply any insurance proceeds received by it hereunder first to the payment of the costs and expenses incurred in the collection of the proceeds and then to the reimbursement of Grantor for the cost of restoration or repair of the Property. Beneficiary may, at its option, condition the reimbursement on Beneficiary's approval of the plans and specifications of the reconstruction, contractor's cost estimates, architect's certificates, waivers of liens, sworn statements of mechanics and materialmen, and such other evidence of costs, percentage completion of construction, application of payments and satisfaction of liens as Beneficiary may reasonably require.

Except to the extent that insurance proceeds are applied to payment of the Secured Obligations, nothing herein contained shall be deemed to excuse Grantor from restoring, repairing or maintaining the Property, regardless of whether or not there are insurance proceeds available or whether any such proceeds are sufficient in amount.

**2.3.5. Transfer of Title.** If the Property is sold pursuant to Article VIII or if Beneficiary otherwise acquires title to the Property, Beneficiary shall have all of the right, title and interest of Grantor in and to any insurance policies and unearned premiums thereon and in and to the proceeds resulting from any damage to the Property prior to such sale or acquisition.

**2.4. Preservation and Maintenance of Property; Right of Entry.**

**2.4.1. Preservation and Maintenance.** Grantor shall (i) not commit or suffer any waste or permit any impairment or deterioration of the Property, (ii) not abandon the Property, (iii) restore or repair promptly and in a good and workmanlike manner all or any part of the Property to the equivalent of its original condition, or such other condition as Beneficiary may approve in writing, in the event of any damage, injury or loss thereto, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair, (iv) keep the Property, including improvements, fixtures, equipment, machinery and appliances thereon, in good condition and repair and shall replace fixtures, equipment, machinery and appliances of the Property when necessary to keep such items in good condition and repair, and (v) generally operate and maintain the Property in a commercially reasonable manner.

**2.4.2. Alterations.** None of the Improvements shall be structurally altered, removed or demolished, in whole or in part, without Beneficiary's prior written consent, nor shall any fixture or chattel covered by this Deed of Trust and adapted to the use and enjoyment of the Property be removed at any time without like consent unless actually replaced by an article of equal suitability which is owned by Grantor free and clear of any lien or security interest.

**2.4.3. Right of Entry.** Beneficiary is hereby authorized to enter the Property, including the interior of any structures, at reasonable times and after reasonable notice, for the purpose of inspecting the Property to determine Grantor's compliance with this paragraph. So long as the Property tenant holds a cannabis license issued by the LCB, all entry onto the Property will comply with the visitor requirements set forth in WAC 314-55.

**2.5. Use of Property.** With the exception of federal laws pertaining to the prohibition of cannabis, Grantor shall comply with all laws, ordinances, regulations and requirements of any governmental body, and all other covenants, conditions and restrictions applicable to the Property, and pay all fees and charges in connection therewith. Unless required by applicable law or unless Beneficiary has otherwise agreed in writing, Grantor shall not allow changes in the use for which all or any part of the Property was intended at the time this Deed of Trust was executed. Grantor shall not initiate or acquiesce in a change in the zoning

classification of the Property without Beneficiary's prior written consent. Grantor warrants and represents that the Grantor has acquired the Property for, and Grantor covenants to use the Property exclusively for, commercial, business and investment purposes, and not for any personal, family or household purposes of any Grantor.

## **2.6. Condemnation.**

**2.6.1. Proceedings.** Grantor shall promptly, upon learning thereof, notify Beneficiary of any action or proceeding relating to any condemnation or other taking (including without limitation any change in the grade of the Property), whether direct or indirect, of the Property or part thereof or interest therein, and Grantor shall appear in and prosecute any such action or proceeding unless otherwise directed by Beneficiary in writing. Grantor authorizes Beneficiary, at Beneficiary's option, as attorney-in-fact for Grantor, to commence, appear in and prosecute, in Beneficiary's or Grantor's name, any action or proceeding relating to any such condemnation or other taking, and to settle or compromise any claim in connection with such condemnation or other taking. All awards, payments, damages, direct, consequential and otherwise, claims, and proceeds thereof, in connection with any such condemnation or other taking, or for conveyances in lieu of condemnation, are hereby assigned to Beneficiary, and all proceeds of any such awards, payments, damages or claims shall be paid to Beneficiary.

**2.6.2. Application of Condemnation Proceeds.** Beneficiary shall apply any such proceeds in the same manner as would apply to the application of insurance proceeds.

**2.7. Protection of Beneficiary's Security.** Grantor shall give notice to Beneficiary of and shall appear in and defend any action or proceeding that may affect the Property, or the interests of Beneficiary or Trustee therein. If any such action or proceeding is commenced, or Grantor or Debtor fails to perform any of the Secured Obligations, Beneficiary or Trustee may, at their option, make any appearances, disburse any sums, make any entries upon the Property, and take any actions as may be necessary or desirable to (i) protect or enforce the security of this Deed of Trust, (ii) remedy Grantor's or Debtor's failure to perform the Secured Obligations (without waiving such default by Grantor), or (iii) otherwise protect Beneficiary's or Trustee's interests. Grantor shall pay all losses, damages, fees, costs, and expenses incurred by Beneficiary and Trustee in taking such actions; including without limitation reasonable legal fees. So long as the Property tenant holds a cannabis license issued by the LCB, all entry onto the Property will comply with the visitor requirements set forth in WAC 314-55.

**2.8. Reimbursement of Beneficiary's and Trustee's Expenses.** All amounts expended or disbursed by Beneficiary and Trustee pursuant to any provision of this Deed of Trust, or on account of any failure by Grantor or Debtor to satisfy as and when due any of the Secured Obligations, together with interest thereon, shall constitute a Secured Obligation. All such amounts shall be immediately due and payable and bear interest from the date of disbursement at the lesser of the default rate under the Agreement, or the maximum rate permitted by law.

**2.9. Books and Records.** Grantor shall keep and maintain at Grantor's address stated above, or such other place as Beneficiary may approve in writing, books of account and records adequate to reflect correctly the results of operation of the Property and copies of all written contracts, leases and other documents affecting the Property. Such books, records, contracts, leases and other documents shall be subject to examination, inspection and copying at any reasonable time by Beneficiary. Grantor shall furnish to Beneficiary, within twenty (20) days after Beneficiary's request therefor, the following documents, each certified to Beneficiary by Grantor as being true, correct and complete: (i) copies of all agreements (regardless of how they may be denominated) for the sale, lease or other transfer of all or any portion of the

Property, or any interest therein, or the occupancy or use of all or any portion of the Property, (ii) copies of the most recent real and personal property tax statements for the Property, and (iii) copies of the most recent statements for the insurance coverages maintained pursuant to this Deed of Trust.

### ARTICLE III RESTRICTIONS ON TRANSFER OR ENCUMBRANCE

Neither the Property nor any part thereof nor any interest of any Grantor therein shall be encumbered, sold (by contract or otherwise), conveyed, leased (except as provided in Article V), or otherwise transferred by all or any Grantor. Beneficiary may, in its sole discretion, consent to any such action subject to such terms and conditions as Beneficiary may require, including without limitation the payment of a transfer review fee, an assumption fee of one percent (1%) of the principal balance of the Agreement, and an increase in the interest rate of the Agreement satisfactory to Beneficiary; but no such consent by Beneficiary shall be enforceable unless the same is in writing and signed by the Beneficiary.

### ARTICLE IV UNIFORM COMMERCIAL CODE SECURITY AGREEMENT

**4.1. Grant to Beneficiary.** This Deed of Trust constitutes a security agreement pursuant to the Uniform Commercial Code with respect to:

- (a) Any of the Property which, under applicable law, is not real property or effectively made part of the real property by the provisions of this Deed of Trust; and
- (b) Any and all other property now or hereafter described on any Uniform Commercial Code Financing Statement naming Grantor as Debtor and Beneficiary as Secured Party and affecting property in any way connected with the use and enjoyment of the Property (any and all such other property constituting "Property" for purposes of this Deed of Trust);

and Grantor hereby grants Beneficiary a security interest in all property described in clauses (a) and (b) above as security for the Secured Obligations. Grantor and Beneficiary agree, however, that neither the foregoing grant of a security interest nor the filing of any such financing statement shall be construed as limiting the parties' stated intention that everything used in connection with the production of income from the Property, or adapted for use therein, or which is described or reflected in this Deed of Trust, is and at all times shall be regarded as part of the Land. Grantor authorizes Beneficiary to file any UCC-1 financing statements, amendments and continuations necessary deemed by Beneficiary to be necessary or advisable for perfection purposes.

**4.2. Beneficiary's Rights and Remedies.** With respect to the property subject to the foregoing security interest, Beneficiary shall have all of the rights and remedies (a) of a secured party under the Uniform Commercial Code, (b) provided herein, including without limitation the right to cause such Property to be sold by Trustee under the power of sale granted by this Deed of Trust, and (c) provided by law. In exercising its remedies, Beneficiary may proceed against the items of real property and any items of personal property separately or together and in any order whatsoever, without in any way affecting the availability of Beneficiary's remedies. Upon demand by Beneficiary following an Event of Default hereunder, Grantor shall assemble any items of personal property and make them available to Beneficiary at the Property. Beneficiary shall give Grantor at least ten (10) days' prior written notice of the time and place of any public sale or other disposition of such Property or of the time of or after which any private sale or any other intended disposition is to be made. Any person permitted by law to purchase at any such sale may do so. Such Property may be sold at any one or more public or private sales as permitted by applicable law.

**ARTICLE V**  
**ASSIGNMENT OF RENTS AND LEASES**

**5.1. Assignment of Rents and Leases.** As part of the consideration for the Secured Obligations, and not as additional security therefor, Grantor hereby absolutely and unconditionally assigns and transfers to Beneficiary all right, title and interest of Grantor in and to: (a) any and all present and future leases, subleases, and other agreements for the occupancy or use of all or any part of the Property, and any and all extensions, renewals and replacements thereof ("**Leases**"); (b) all cash or security deposits, advance rentals and deposits of a similar nature under the Leases; (c) any and all guarantees of tenants' or occupants' performances under any and all Leases, and (d) all rents, issues, profits and revenues ("**Rents**") now due or which may become due or to which Grantor may now or shall hereafter become entitled or may demand or claim (including Rents coming due during any redemption period), arising or issuing from or out of any and all Leases, including without limitation minimum, additional, percentage and deficiency rents and liquidated damages.

**5.2. Collection of Rents.** Prior to any Event of Default hereunder, Grantor shall have a license to, and shall, collect and receive all Rents of the Property as trustee for the benefit of Beneficiary and Grantor, apply the Rents so collected first to the payment of taxes, assessments and other charges on the Property prior to delinquency, second to the cost of insurance, maintenance and repairs required by the terms of this Deed of Trust, third to the costs of discharging any obligation or liability of Grantor under the Leases, and fourth to the Secured Obligations, with the balance, if any, to the account of Grantor provided there is no Event of Default. Upon delivery of written notice by Beneficiary to Grantor of an Event of Default hereunder and stating that Beneficiary exercises its rights to the Rents, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent or by a court-appointed receiver, Beneficiary shall immediately be entitled to possession of all Rents from the Property as the same become due and payable, including without limitation Rents then due and unpaid, and all such Rents shall immediately upon delivery of such notice be held by Grantor as trustee for the benefit of Beneficiary only. Upon delivery of such written notice by Beneficiary, Grantor hereby agrees to direct each tenant or occupant of the Property to pay all Rents to Beneficiary on Beneficiary's written demand therefor, without any liability on the part of said tenant or occupant to inquire further as to the existence of a default by Grantor. Grantor hereby authorizes Beneficiary as Grantor's attorney-in-fact to make such direction to tenants and occupants upon Grantor's failure to do so as required herein. Payments made to Beneficiary by tenants or occupants shall, as to such tenants and occupants, be in discharge of the payors' obligations to Grantor. Beneficiary may exercise, in Beneficiary's or Grantor's name, all rights and remedies available to Grantor with respect to collection of Rents. Nothing herein contained shall be construed as obligating Beneficiary to perform any of Grantor's obligations under any of the Leases.

**5.3. Grantor's Representations and Warranties and Covenant.** Grantor hereby represents and warrants to Beneficiary, and covenants, that Grantor has not executed and will not execute any other assignment of said Leases or Rents, that Grantor has not performed and will not perform any acts and has not executed and will not execute any instrument which would prevent Beneficiary from exercising its rights under this Article V, and that at the time of execution of this Deed of Trust there has been no anticipation or prepayment of any of the Rents of the Property for more than two (2) months prior to the due dates thereof. Grantor further represents and warrants to Beneficiary that all existing Leases are in good standing and there is no default thereunder, whether by Grantor or lessee, and that, to Grantor's knowledge, there is no event or condition which, with notice or the passage of time or both, would be a default thereunder. Grantor shall execute and deliver to Beneficiary such further assignments of rents and leases of the Property as Beneficiary may from time to time request.

**5.4. Leases of the Property.** Grantor shall comply with and observe Grantor's obligations as landlord under all Leases and will do all that is necessary to preserve all Leases in force and free from any right of

counterclaim, defense or setoff. At Beneficiary's request, Grantor shall furnish Beneficiary with executed copies of all Leases now existing or hereafter made and all Leases hereafter entered into shall use a form previously approved by Beneficiary. All Leases and tenants shall be subject to Beneficiary's prior written approval, shall be subordinate to the lien of this Deed of Trust and shall specifically provide that the tenant agrees to attorn to any person succeeding to the interest of Grantor upon any foreclosure of this Deed of Trust or conveyance in lieu thereof if requested by such a person, in such form as such person may approve and shall provide that Tenant shall not have the right of set off or defense to payment of rents for any event or act that occurred prior to such person obtaining title to Grantor's interest except to the extent such event or act is continuing at the time such successor obtains such title. Each Tenant shall also agree to execute such further evidences of attornment as Beneficiary may from time to time request. Without Beneficiary's written consent, Grantor shall not (a) collect or accept payment of any Rents more than two (2) months prior to the due dates thereof; (b) modify, surrender or terminate any Lease; or (c) waive, discharge, release or modify the obligations of any tenant or other occupant of the Property under any Lease.

**5.5. Beneficiary in Possession; Appointment of Receiver.** Upon any Event of Default hereunder, Beneficiary may, in person, by agent or by a court-appointed receiver, regardless of the adequacy of Beneficiary's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof in the same manner and to the same extent as Grantor could do the same, including without limitation the execution, enforcement, cancellation and modification of Leases, the collection of all Rents of the Property, the removal and eviction of tenants and other occupants, the making of alterations and repairs to the Property, and the execution and termination of contracts providing for management or maintenance of the Property, all on such terms as are deemed best by Beneficiary to protect the security of this Deed of Trust. From and after the occurrence of any such Event of Default, if any owner of the Property shall occupy the Property or part thereof such owner shall pay to Beneficiary in advance on the first day of each month a reasonable rental for the space so occupied, and upon failure so to do Beneficiary shall be entitled to remove such owner from the Property by any appropriate action or proceedings. Following an Event of Default hereunder, Beneficiary shall be entitled (regardless of the adequacy of Beneficiary's security) to the appointment of a receiver, Grantor hereby consenting to the appointment of such receiver. Said receiver may serve without bond and may be Beneficiary or an employee of Beneficiary. The receiver shall have, in addition to all the rights and powers customarily given to and exercised by such receivers, all the rights and powers granted to Beneficiary in this Article V. Beneficiary or the receiver shall be entitled to receive a reasonable fee for so managing the Property.

**5.6. Application of Rents.** All Rents collected subsequent to delivery of written notice by Beneficiary to Grantor of an Event of Default hereunder shall be applied first to the costs, if any, of taking control of and managing the Property and collecting the Rents, including without limitation attorneys' fees, receiver's fees, premiums on receiver's bonds, costs of maintenance and repairs to the Property, premiums on insurance policies, taxes, assessments and other charges on the Property, and the costs of discharging any obligation or liability of Grantor under the Leases, and then to other Secured Obligations. Beneficiary or any receiver appointed over the Property shall be liable to account only for those Rents actually received by either of them. Beneficiary shall not be liable to Grantor, anyone claiming under or through Grantor or anyone having an interest in the Property by reason of anything done or left undone by Beneficiary under this Article.

**5.7. Deficiencies.** To the extent, if any, that any expense to Beneficiary of taking control of and managing the Property, collecting the Rents, and discharging obligations and liabilities of Grantor under the Leases, exceed the Rents of the Property, the excess sums expended for such purposes, plus interest, shall constitute a Secured Obligation. Such excess sums shall be payable upon demand by Beneficiary and shall bear interest from the date of disbursement at the lesser of the default rate under the Agreement, or the maximum rate permitted by law.

**5.8. Beneficiary Not Mortgagee in Possession.** Nothing herein shall constitute Beneficiary a “mortgagee in possession” prior to its actual entry upon and taking possession of the Property. Entry upon and taking possession by a receiver shall not constitute possession by Beneficiary.

**5.9. Enforcement.** Beneficiary may enforce this assignment without first resorting to or exhausting any security or collateral for the Secured Obligations.

#### ARTICLE VI IMPROVEMENTS

**6.1. Assignment of Claims.** From time to time as Beneficiary deems necessary to protect Beneficiary’s interest, Grantor shall, upon request of Beneficiary, execute and deliver to Beneficiary in such form as Beneficiary shall direct, assignments of any and all rights or claims which relate to the construction of any Improvements, and which Grantor may have against any party supplying or who has supplied labor, materials or services in connection with the construction of any Improvements.

**6.2. Default.** Upon an Event of Default, Beneficiary may, at its option, with or without entry upon the Property, and without limiting any other rights or remedies which may exist in favor of the Beneficiary either at law or in equity, exercise any of the rights or remedies provided in this Deed of Trust, or do both.

#### ARTICLE VII EVENTS OF DEFAULT

As used herein, the term “**Event of Default**” has the same meaning given to that term in the Agreement.

#### ARTICLE VIII REMEDIES

**8.1. Acceleration Upon Default; Additional Remedies.** Upon any Event of Default, Beneficiary may, at its option and without notice to or demand upon Grantor (except as otherwise may be required by law), exercise any one or more of the following actions (without limiting any other rights or remedies of the Beneficiary either at law or in equity, all of which shall be cumulative with each other and with any rights and remedies of the Beneficiary under the Agreement and this Deed of Trust):

- (a) Declare all the Secured Obligations immediately due and payable.
- (b) Bring a court action to enforce the provisions of the Agreement and/or this Deed of Trust.
- (c) Foreclose this Deed of Trust as a mortgage.
- (d) Cause any or all of the Property to be sold under the power of sale granted by this Deed of Trust in any manner permitted by applicable law.
- (e) Elect to exercise its rights with respect to the Leases and the Rents.
- (f) Exercise any or all of the other rights and remedies under this Deed of Trust.
- (g) Cause a receiver to be appointed over the Property, with or without authority to sell the Property in accordance with Chapter 7.60 RCW.

- (h) Exercise any other right or remedy available under law or in equity.

**8.2. Exercise of Power of Sale.** For any sale under the power of sale granted by this Deed of Trust, Beneficiary or Trustee shall record and give all notices required by law and then, upon the expiration of such time as is required by law, Trustee may sell the Property upon any terms and conditions specified by Beneficiary and permitted by applicable law. Trustee may postpone any sale by public announcement at the time and place noticed for the sale. If the Property includes several lots or parcels, Beneficiary in its discretion may designate their order of sale or may elect to sell all of them as an entirety. The Property, real, personal and mixed, may be sold in one parcel. To the extent any of the Property sold by the Trustee is personal property, Trustee shall be acting as the agent of the Beneficiary in selling such Property. Any person permitted by law to do so may purchase at any sale. Upon any sale, Trustee will execute and deliver to the purchaser or purchasers a deed or deeds conveying the Property sold, but without any covenant or warranty, express or implied, and the recitals in the Trustee's deed showing that the sale was conducted in compliance with all the requirements of law shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value.

**8.3. Application of Sale Proceeds.** The proceeds of any sale under this Deed of Trust shall be applied in the following priority:

- (a) Payment of the costs and expenses of the sale; including without limitation Trustee's fees, legal fees and disbursements, title charges and transfer taxes, and payment of all expenses, liabilities and advances of Trustee, together with interest on all advances made by Trustee from date of disbursement at the lesser of the default rate under the Agreement, or the maximum rate permitted by law.
- (b) Payment of any senior liens, mortgages, or other encumbrances, if any.
- (c) Payment of all sums expended by Beneficiary under the terms of this Deed of Trust and not yet repaid, together with interest on such sums from date of disbursement at the lesser of the default rate under the Agreement, or the maximum rate permitted by law.
- (d) Payment of all other Secured Obligations in any order that the Beneficiary chooses.
- (e) The remainder, if any, to the person or persons legally entitled to it.

**8.4. Waiver of Order of Sale and Marshalling.** Beneficiary shall have the right to determine the order in which any or all portions of the Secured Obligations are satisfied from the proceeds realized upon the exercise of any remedies provided herein. Grantor, any party who consents to this Deed of Trust and any party who now or hereafter acquires a security interest in the Property and who has actual or constructive notice hereof, hereby waives any and all right to require marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein, or to direct the order in which any of the Property will be sold in the event of any sale under this Deed of Trust.

**8.5. Non-Waiver of Defaults.** The entering upon and taking possession of the Property, the collection of Rents or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the Property, and the application or release thereof as herein provided, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

**8.6. Expenses During Redemption Period.** If this Deed of Trust is foreclosed as a mortgage and the Property sold at a foreclosure sale, the Purchaser may during any redemption period allowed, make such repairs or alterations on the Property 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 under the Agreement, 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.

**8.7. Foreclosure Subject to Tenancies.** Beneficiary shall have the right at its option to foreclose this Deed of Trust subject to the rights of any tenant or tenants of the Property.

**8.8. Remedies Cumulative.** To the extent permitted by law, every right and remedy provided in this Deed of Trust is distinct and cumulative to all other rights or remedies under this Deed of Trust or afforded by law or equity or any other agreement between Beneficiary and Grantor, and may be exercised concurrently, independently or successively, in any order whatsoever. Beneficiary may exercise any of its rights and remedies at its option without regard to the adequacy of its security.

**8.9. Beneficiary's and Trustee's Expenses.** Grantor shall pay all of Beneficiary's and Trustee's expenses incurred in any efforts to enforce any terms of this Deed of Trust, whether or not any suit is filed, including without limitation legal fees and disbursements, foreclosure costs and title charges. All such sums, with interest thereon, shall be additional indebtedness of Grantor secured by this Deed of Trust. Such sums shall be immediately due and payable and shall bear interest from the date of disbursement at the lesser of the default rate under the Agreement, or the maximum rate permitted by law.

## ARTICLE IX GENERAL

**9.1. Application of Payments.** Except as applicable law or this Deed of Trust may otherwise provide, all payments received by Beneficiary under the Agreement or this Deed of Trust shall be applied by Beneficiary in the following order of priority: (a) Beneficiary's and Trustee's expenses incurred in any efforts to enforce any terms of the Agreement and/or this Deed of Trust; (b) interest payable on advances made to protect the security of this Deed of Trust; (c) the principal amount of any such advances; (d) interest and late charges payable on the Agreement; (e) principal of the Agreement; and (f) any other Secured Obligations in such order as Beneficiary, at its option, may determine; provided, however, that Beneficiary may, at its option, apply any such payments received to interest on or principal of the Agreement prior to applying such payments to interest on and principal of advances made to protect the security of this Deed of Trust.

**9.3. Reconveyance.** Upon indefeasible payment and satisfaction of the Secured Obligations, Beneficiary shall cause the Trustee to reconvey the Property without warranty to the person or persons legally entitled thereto. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Such person or persons shall pay Trustee's reasonable costs incurred in so reconveying the Property, and a deposit by such person of the Trustee's reasonable estimate of such costs shall be a condition of any such reconveyance.

**9.4. Successor Trustee.** In accordance with applicable law, Beneficiary may from time to time appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

**9.5. Beneficiary's Powers.** Without affecting the liability of any person for payment or performance of the Secured Obligations or any of Beneficiary's rights or remedies, Beneficiary, at its option, may extend the time for payment of the Secured Obligations or any part thereof, reduce payment thereon, release anyone

liable thereon, accept a renewal note or notes therefor, modify the terms and time of payment thereof, release the lien of this Deed of Trust on any part of the Property, take or release other or additional security, release or reconvey or cause to be released or reconveyed all or any part of the Property, or consent and/or cause Trustee to consent to the making of any map or plat of the Property, consent or cause Trustee to consent to the granting of any easement or creating any restriction on the Property, or join or cause Trustee to join in any subordination or other agreement affecting this Deed of Trust or the lien or charge hereof. Grantor shall pay Beneficiary a reasonable service charge, together with such title insurance premiums and attorneys' fees as may be incurred at Beneficiary's option, for any such action if taken at Grantor's request.

**9.6. Subdivision.** Grantor shall not subdivide or alter the boundary lines of the Property without the written consent of the Beneficiary.

**9.7. Limitation on Interest and Charges.** The interest, fees and charges under the Agreement and/or this Deed of Trust shall not exceed the maximum rates, if any, or maximum amounts, if any, permitted under applicable law under the circumstances. If any such interest, fee or charge exceeds the maximum, the interest, fee or charge shall be reduced by the excess and any excess amounts already collected from Grantor shall be refunded. Beneficiary may refund such excess either by treating the excess as a prepayment of principal under the Agreement or by making a direct payment to Grantor. The provisions of this paragraph shall control over any inconsistent provision in the Agreement.

**9.8. [Intentionally Omitted]**

**9.9. Waiver of Statute of Limitations.** To the full extent Grantor may do so, Grantor hereby waives the right to assert any statute of limitations as a defense to the enforcement of the lien of this Deed of Trust or to any action brought to enforce the Agreement or any other Secured Obligation.

**9.10. Forbearance by Beneficiary Not a Waiver.** Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy, and no waiver by Beneficiary of any particular default shall constitute a waiver of any other default or of any similar default in the future. Without limiting the generality of the foregoing, the acceptance by Beneficiary of payment of any of the Secured Obligations after the due date thereof shall not be a waiver of Beneficiary's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment.

**9.11. Modifications and Waivers.** This Deed of Trust cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

**9.12. Notice.** Any notice to Grantor under this Deed of Trust shall be given to Grantor at the address, in the manner, and subject to the terms for giving notice as set forth in the Agreement.

**9.13. Governing Law; Severability; Captions.** This Deed of Trust shall be governed by the laws of the State of Washington. If any provision or clause of this Deed of Trust conflicts with applicable law, such conflicts shall not affect other provisions or clauses hereof which can be given effect without the conflicting provision, and to this end the provisions hereof are declared to be severable. The captions and headings of the paragraphs and articles of this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

**9.14. Definitions.** As used herein: the term "Grantor" means the Grantor herein named, together with any subsequent owner of the Property or any part thereof or interest therein; the term "Trustee" means the Trustee herein named, together with any successor Trustee; and the term "Beneficiary" means the

Beneficiary herein named, together with any subsequent successor to or assignee of the Agreement or any interest therein.

9.15. **Successors and Assigns.** This Deed of Trust shall bind and inure to the benefit of the parties hereto and their respective heirs, devisees, legatees, administrators, executors, successors and assigns, subject to the provisions of Article III hereof.

9.16. **Number.** This Deed of Trust shall be construed so that wherever applicable the use of the singular number shall include the plural number, and vice versa.

9.17. **Time.** TIME IS OF THE ESSENCE in connection with all obligations of Grantor herein.

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

IN WITNESS WHEREOF, Grantor executes this Deed of Trust.

  
\_\_\_\_\_  
Leah Kincaid, Manager  
Clarion Holdings LLC

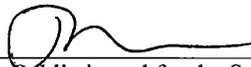
**Acknowledgment**

STATE OF WASHINGTON            )  
  )  
  )        ss.  
COUNTY OF SKAGIT            )

I certify that I know or have satisfactory evidence that Leah Kincaid is the person who appeared before me, and said person acknowledged that she signed this instrument, and on oath acknowledged it as her free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 12th day of July, 2022.

**Notary Public**  
**State of Washington**  
ANGELA FACKLER  
LICENSE # 20101917  
MY COMMISSION EXPIRES  
DECEMBER 3, 2023

  
\_\_\_\_\_  
Notary Public in and for the State of Washington,  
residing at Burlington  
My appointment expires: 12/03/2023