

UPON RECORDING THIS SECURITY
INSTRUMENT SHOULD BE
RETURNED TO:

Baker, Donelson, Bearman, Caldwell & Berkowitz, PC
1901 Sixth Avenue North, Suite 2600
Birmingham, Alabama, 35203
Attention: Eric Pruitt

Document Title: DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE
FILING

Grantor/Borrower: RADIANT PROPERTIES LA CONNER, LLC

Grantee/Trustee: GUARDIAN NORTHWEST TITLE & ESCROW COMPANY

Grantee/Beneficiary: PROTECTIVE LIFE INSURANCE COMPANY

Legal Description:

Abbreviated Legal Description: Lots 1, 2, 3, 4, 5 and 6, Block 4, and Lots
1, 2, 3 and 4, Block 5, Calhoun Addition to the Town of La Conner, Plat Book
Volume 1, Page 14, Skagit County, WA.

Full Legal Description: See Exhibit A attached

Assessor's Tax Parcel Nos.: P74125/4124-004-005-0000; P74124/4124-004-003-0101;
P74123/4124-004-003-0002; P74126/4124-004-006-0009; P74127/4124-005-004-0008

Reference Nos. of Documents Released or Assigned: N/A.

First American Title Insurance Company NCS-1213984-OR1

STATE OF WASHINGTON)
COUNTY OF SKAGIT)

THIS INSTRUMENT IS A UNIFORM COMMERCIAL CODE FINANCING STATEMENT WHICH IS BEING FILED AS A FIXTURE FILING IN ACCORDANCE WITH REVISED CODE OF WASHINGTON (RCW) 62A.9A-502. BORROWER (AS DEFINED HEREIN) IS THE RECORD OWNER OF THE REAL ESTATE. THE COLLATERAL IS DESCRIBED HEREIN, SOME OF WHICH IS OR MAY BECOME FIXTURES ON THE REAL ESTATE DESCRIBED HEREIN. THE NAMES AND ADDRESSES OF THE DEBTOR ("BORROWER" HEREIN) AND SECURED PARTY ("LENDER" HEREIN) ARE SET FORTH HEREIN.

DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING

THIS DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING (this "Security Instrument"), is made as of February 7, 2025, by and between **RADIANT PROPERTIES LA CONNER, LLC**, a Washington limited liability company, and its permitted successors, transferees and assigns ("**Borrower**"), whose address is 9600 SW Oak Street, Suite 450, Portland, OR 97223, in favor of **GUARDIAN NORTHWEST TITLE & ESCROW COMPANY**, as trustee ("**Trustee**"), whose address is P.O. Box 1667, Mount Vernon, WA 98273, for the benefit of **PROTECTIVE LIFE INSURANCE COMPANY**, a Nebraska corporation, and its successors, transferees, and assigns ("**Lender**"), whose address is 2801 Highway 280 South, Birmingham, Alabama 35223.

RECITALS

A. Pursuant to the Loan Agreement (as hereinafter defined) Lender has agreed to make a loan to Borrower in the principal sum of up to \$11,350,000.00 (the "**Loan**"), evidenced by that certain Promissory Note of even date herewith from Borrower, payable to the order of Lender in installments of principal and/or interest thereon, such final installment being due on March 1, 2032.

B. As a condition precedent to making the Loan, Lender has required that Borrower execute this Security Instrument as security for the Loan and the other Loan Obligations (as hereinafter defined).

GRANTING CLAUSES

NOW, THEREFORE, for and in consideration of the Loan Obligations, and to secure the prompt payment and performance thereof, Borrower does hereby irrevocably grant, bargain, sell, convey, assign, transfer, mortgage, pledge and set over unto Trustee, its successors, transferees and assigns, **IN TRUST, WITH POWER OF SALE AND RIGHT OF ENTRY AND POSSESSION**, for the benefit of Lender, and grants to Lender a security interest in and to the Mortgaged Property (as hereinafter defined).

TO HAVE AND TO HOLD the Mortgaged Property and all parts thereof unto Trustee, its successors, transferees and assigns in trust forever, subject however to the terms and conditions herein;

AND, this conveyance is intended to (i) constitute a security agreement under the UCC (as hereinafter defined) by which Borrower does hereby grant a present and continuing security interest in and security title to that portion of the Mortgaged Property constituting personal property, and (ii) operate and is to be construed as a deed of trust passing title to the Mortgaged Property to Trustee and is made under those applicable provisions of RCW Chapter 61.24, and not as a mortgage (notwithstanding references herein to Mortgaged Property), and further establishes a perpetual security interest in the Mortgaged Property in favor of Trustee for the benefit of Lender. To the fullest extent permitted by applicable law, except as otherwise expressly provided herein, it is the further intent that all of the Mortgaged Property constituting personal property may be foreclosed upon and sold upon an Event of Default in accordance with the laws relating to security deeds involving real estate; however, as to any personal property to which this expressed intention is ineffective, or as to which Lender in its discretion otherwise elects, Trustee shall have and be entitled to exercise all rights and remedies with respect to such personal property available under the UCC and under any other applicable law or in equity.

AND Borrower covenants with Trustee and Lender, and their respective successors and assigns, and represents and warrants unto Trustee and Lender, and their respective successors and assigns, as follows:

AGREEMENT

1. **DEFINITIONS.** The following terms, when used in this Security Instrument (including when used in the above recitals), shall have the following meanings:

(a) **"Accounts"** has the meaning given such term in the UCC, and includes, without limitation, any rights of Borrower arising from the operation of the Mortgaged Property to payment for goods sold or leased or for services rendered, not evidenced by an Instrument, including, without limitation, (i) all accounts arising from the operation of the Mortgaged Property, (ii) all Moneys and accounts, if any, held by Lender pursuant to this Security Instrument or any of the other Loan Documents, (iii) all rights to payment from state or federal programs, boards, bureaus or agencies, and rights to payment from residents, private insurers,

and others arising from the operation of the Facility, including rights to payment pursuant to Reimbursement Contracts, (iv) receivables arising out of the use of a debit, credit or charge card or information contained on or for use with the card, (v) any and all "health-care insurance receivables" (as defined in the UCC), (vi) Supporting Obligations, letter-of-credit rights and letters of credit given by any Person with respect to any of the foregoing, and (vii) all books and records in whatever media (paper, electronic or otherwise) recorded or stored, with respect to any or all of the foregoing and all Equipment and General Intangibles necessary or beneficial to retain, access and/or process the information contained in those books and records. Accounts shall include the Proceeds thereof.

(b) **"Appurtenant Rights"** means all air rights, development rights, zoning rights, easements, rights-of-way, strips and gores of land, vaults, streets, roads, alleys, tenements, passages, sewer rights, waters, water courses, water rights and powers, minerals, flowers, shrubs, crops, trees, timber and other emblements now or hereafter appurtenant to, or used or useful in connection with, or located on, under or above the Land, or any part or parcel thereof, and all ground leases, estates, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances, reversions, and remainders whatsoever, in any way belonging, relating or appertaining to the Land, or any part thereof, now or hereafter existing.

(c) **"Assignment of Leases and Rents"** means that certain Assignment of Leases and Rents of even date herewith executed by Borrower for the benefit of Lender, together with all amendments, restatements and/or supplements thereto.

(d) **"Assignment of Licenses"** means that certain Assignment of Licenses, Permits and Contracts of even date herewith executed by Borrower and Lessee for the benefit of Lender, together with all amendments, restatements and/or supplements thereto.

(e) **"Borrower"** has the meaning given to that term in the first paragraph of this Security Instrument.

(f) **"Business Day"** means a day, other than a Saturday, Sunday or legal holiday, when Lender is open for business.

(g) **"Chattel Paper"** has the meaning given such term in the UCC, and includes, without limitation, a record or records (including, without limitation, electronic chattel paper) which evidence both a monetary obligation and a security interest in specific goods, a security interest in specific goods and software used in the goods, or a lease of specific goods; all Supporting Obligations with respect thereto; any returned, rejected or repossessed goods and software covered by any such record or records and all Proceeds (in any form including, without limitation, Accounts, contract rights, documents, chattel paper, Instruments and General Intangibles) of such returned, rejected or repossessed goods; and all Proceeds (cash proceeds and noncash proceeds) of the foregoing.

(h) **"Condemnation"** has the meaning given to that term in Section 12 hereof.

(i) **"Contracts"** means all license agreements, operating contracts, and all management, service, employment, supply and maintenance contracts and agreements, and any other agreements, licenses or contracts of any nature whatsoever now or hereafter obtained or

entered into by Borrower with respect to the acquisition, construction, renovation, expansion, ownership, occupancy, use, operation, maintenance and administration of the Facility and/or the Mortgaged Property, including, without limitation, (i) any and all contracts, authorizations, agreements and/or consents executed by, or on behalf of any resident or other Person seeking services from Borrower pursuant to which Borrower provides or furnishes assisted living and independent living services and other related services at the Facility, including the consent to treatment and assignment of payment of benefits by a third party and (ii) any and all contracts between Borrower and any resident of the Facility giving the resident certain rights of occupancy in the Facility and providing for certain services to such resident.

(j) **"Default"** means the occurrence or existence of any event which, but for the giving of notice or expiration of time or both, would constitute an Event of Default.

(k) **"Default Rate"** has the meaning given to that term in the Note.

(l) **"Deposit Accounts"** has the meaning given such term in the UCC.

(m) **"Equipment"** has the meaning given such term in the UCC, and includes, without limitation, all beds, linens, televisions, carpeting, telephones, cash registers, computers, lamps, glassware, rehabilitation equipment, restaurant and kitchen equipment, and other Fixtures and equipment of Borrower (including, without limitation, embedded software) located on, attached to or used or useful in connection with any of the Mortgaged Property or the Facility and all renewals and replacements thereof and substitutions therefor; provided, however, that with respect to any items which are leased for the benefit of the Facility and not owned by Borrower, the Equipment shall include the leasehold interest only of Borrower together with any options to purchase any of said items and any additional or greater rights with respect to such items which Borrower may hereafter acquire, but the foregoing shall not be construed to mean that such leasing shall be permitted hereunder or under the other Loan Documents.

(n) **"Environmental Indemnity Agreement"** means that certain Environmental Indemnity Agreement of even date herewith executed by Borrower, Lessee and Guarantor for the benefit of Lender, together with all amendments, restatements and/or supplements thereto.

(o) **"Event of Default"** means the occurrence of any event listed in Section 14 hereof.

(p) **"Facility"** means the sixty-seven (67) unit, independent living and assisted living facility known as "La Conner Retirement Inn," located on the Land, as it may now or hereafter exist, and including any other Improvements now or hereafter located on the Land.

(q) **"Fixtures"** means all property which is now or hereafter so attached to the Land or the Improvements as to constitute a fixture under applicable law and all renewals and replacements thereof and substitutions therefor, including, without limitation: machinery, Equipment, engines, boilers, incinerators, installed building materials; systems and equipment for the purpose of supplying or distributing heating, cooling, electricity, gas, water, air, or light; antennas, cable, wiring and conduits used in connection with radio, television, security, fire prevention, or fire detection or otherwise used to carry electronic signals; telephone systems and

equipment; elevators and related machinery and equipment; fire detection, prevention and extinguishing systems and apparatus; security and access control systems and apparatus; plumbing systems; water heaters, ranges, stoves, microwave ovens, refrigerators, dishwashers, garbage disposers, washers, dryers and other appliances; light fixtures, awnings, storm windows and storm doors; pictures, screens, blinds, shades, curtains and curtain rods; mirrors; cabinets, paneling, rugs and floor and wall coverings; fences, trees and plants; and exercise equipment.

(r) **“General Intangibles”** has the meaning given such term in the UCC, and includes, without limitation, all intangible personal property of Borrower arising out of or connected with the Mortgaged Property or the Facility and all renewals and replacements thereof and substitutions therefor (other than Accounts, Rents, Instruments, Inventory, Money, Permits and Reimbursement Contracts), including, without limitation, things in action, contract rights and other rights to payments of Money, commercial tort claims, other claims (including without limitation all claims for income tax and other refunds), payment intangibles and Supporting Obligations.

(s) **“Governmental Authority”** means any nation or government, including any federal, state, county or municipal authority, and any agency or political subdivision thereof, and any Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to such government.

(t) **“Guarantor”** means individually and collectively, James T. Guffee, a resident of the State of Oregon and Jodi L. Guffee, a resident of the State of Oregon, and RSL La Conner, LLC, a Washington limited liability company.

(u) **“Guaranty Agreement”** means that certain Guaranty of Recourse Obligations, of even date herewith, executed by Guarantor for the benefit of Lender, together with all amendments, restatements and/or supplements thereto.

(v) **“Impositions”** and **“Imposition Deposits”** have the meanings given to those terms in Section 4 hereof.

(w) **“Improvements”** means all buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Land, including but not limited to, all Fixtures, gas and electric fixtures, radiators, heaters, engines and machinery, boilers, ranges, elevators and motors, plumbing and heating fixtures, carpeting and other floor coverings, water heaters, awnings and storm sashes, and cleaning apparatuses which are or shall be attached to the Land or said buildings, structures or improvements. For purposes of clarification, the definition of “Improvements” shall include the Facility.

(x) **“Instruments”** has the meaning given such term in the UCC, and includes, without limitation, all instruments, Chattel Paper, documents or other writings obtained by Borrower from or in connection with the operation of the Mortgaged Property or the construction or renovation (if applicable) and operation of the Facility (including, without limitation, all ledger sheets, computer records and printouts, data bases, programs, books of account, software, trademarks or trade names, utility Contracts, maintenance and service contracts and files of Borrower relating thereto).

(y) **"Inventory"** has the meaning given such term in the UCC, and includes, without limitation, all inventories of food, beverages and other comestibles owned and held by Borrower for sale or use at or from the Mortgaged Property or the Facility, and soap, paper supplies, medical supplies, drugs and all other such goods, wares and merchandise held by Borrower (including, without limitation, embedded software) for sale to or for consumption by residents or guests of the Land or the Facility and all such other goods returned to or repossessed by Borrower.

(z) **"Investment Property"** has the meaning given such term in the UCC, and includes, without limitation, a security, whether certificated or uncertificated, security entitlement, securities account, commodity contract, or commodity account, and all Proceeds (cash proceeds and noncash proceeds) of, and Supporting Obligations with respect to, the foregoing.

(aa) **"Land"** means the land described in Exhibit "A" attached hereto and incorporated herein.

(bb) **"Lease Agreement"** means that certain Lease Agreement between Borrower and Lessee dated as of October 22, 2020, as amended by that certain First Amendment to Lease of even date herewith, whereby Lessee leases the Facility from Borrower, together with all amendments, restatements and/or supplements thereto.

(cc) **"Leases"** means all present and future leases, subleases, licenses, concessions or grants or other possessory interests now or hereafter in force, whether oral or written, covering or affecting the Mortgaged Property and/or the Facility, or any portion of the Mortgaged Property and/or the Facility, including, without limitation, the Lease Agreement, and all modifications, extensions or renewals thereof.

(dd) **"Lender"** has the meaning given to that term in the first paragraph of this Security Instrument.

(ee) **"Lessee"** means RSL LA CONNER, LLC, a Washington limited liability company, together with its successors, transferees and assigns.

(ff) **"Lessee Security Agreement"** means that certain Lessee Security Agreement and Lease Subordination between Lessee and Lender of even date herewith, together with all amendments, restatements and/or supplements thereto.

(gg) **"Lien"** means any voluntary or involuntary mortgage, security deed, deed of trust, lien, pledge, assignment, security interest, title retention agreement, financing lease, levy, execution, seizure, judgment, attachment, garnishment, charge or other encumbrance of any kind, including those contemplated by or permitted in this Security Instrument, the Loan Agreement and/or the other Loan Documents.

(hh) **"Loan"** has the meaning given to that term in the recitals hereof.

(ii) **"Loan Agreement"** means that certain Loan Agreement of even date herewith by and between Borrower and Lender, together with all amendments, restatements and/or supplements thereto.

(jj) **"Loan Documents"** means the Note, the Loan Agreement, this Security Instrument, the Assignment of Leases and Rents, the Assignment of Licenses, the Guaranty Agreement, the Environmental Indemnity Agreement, and any other Loan Documents, as such term is defined in the Loan Agreement, as any of the foregoing documents may be amended, restated or supplemented from time to time.

(kk) **"Loan Obligations"** means the aggregate of the principal and interest owing from time to time under the Note and all indemnities, expenses, charges and other amounts from time to time owing under the Note, the Loan Agreement, this Security Instrument or any of the other Loan Documents, including, without limitation, prepayment premiums, late charges, default interest and advances to protect the security of this Security Instrument under Section 7 hereof, if any, and the payment, performance and observance of all covenants, agreements and other obligations from time to time owing to, or for the benefit of, Lender pursuant to the Loan Documents.

(ll) **"Managed Care Plans"** means any health maintenance organization, preferred provider organization, individual practice association, competitive medical plan, or similar arrangement, entity, organization, or Person.

(mm) **"Manager"** means RADIANT SENIOR LIVING, INC., an Oregon corporation, and any permitted successor manager of the Facility approved by Lender in writing in accordance with the provisions of the Loan Documents.

(nn) **"Money"** means all monies, cash, rights to Deposit Accounts, or other items of legal tender obtained from or for use in connection with the operation of the Facility.

(oo) **"Mortgaged Property"** means all of Borrower's present and future right, title and interest in and to all of the following, provided that if any of the following capitalized terms are defined in the UCC, each such term shall have the meaning given such term in the UCC and shall include, without limitation, the additional items, if any, set forth in this Security Instrument with respect to such term:

- (i) the Land;
- (ii) all Improvements;
- (iii) all Fixtures;
- (iv) all Appurtenant Rights;
- (v) all Equipment;
- (vi) all Accounts;

- (vii) all Deposit Accounts;
- (viii) all Contracts;
- (ix) all General Intangibles;
- (x) all Permits (to the extent assignable);
- (xi) all Money;
- (xii) all Instruments;
- (xiii) all Inventory;
- (xiv) all Reimbursement Contracts;
- (xv) all Rents;
- (xvi) all Leases;
- (xvii) all Personalty;
- (xviii) all Chattel Paper;
- (xix) all Supporting Obligations;
- (xx) all Investment Property;
- (xxi) all Proceeds;
- (xxii) all contracts, options and other agreements for the sale of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property entered into by Borrower now or in the future, including cash or securities deposited to secure performance by parties of their obligations;
- (xxiii) all Imposition Deposits;
- (xxiv) all refunds or rebates of Impositions by any municipal, state or federal authority or insurance company (other than refunds applicable to periods before the real property tax year in which this Security Instrument is dated);
- (xxv) all names under or by which any of the above Mortgaged Property may be operated or known, and all trademarks, trade names, and goodwill relating to any of the Mortgaged Property; and
- (xxvi) all renewals, replacements and Proceeds of any of the foregoing and any substitutions therefor.

(pp) **"Note"** means that certain Promissory Note of even date herewith in the principal amount of the Loan payable by Borrower to the order of Lender, together with all amendments, restatements and/or supplements thereto.

(qq) **"Notice"** has the meaning given to that term in Section 26 hereof.

(rr) **"O&M Program"** has the meaning given to such term in the Environmental Indemnity Agreement.

(ss) **"Permits"** means all licenses, permits and certificates used or necessary in connection with the construction, ownership, operation, use or occupancy of the Mortgaged Property and/or the Facility, including, without limitation, building permits, business licenses, certificates of need, independent living facility licenses (if any), assisted living facility licenses, state health department licenses, food service licenses, licenses to conduct business and all such other permits, licenses, certificates and rights, obtained from any Governmental Authority, quasi-governmental authority or Person whatsoever concerning ownership, operation, use or occupancy of the Facility and other Mortgaged Property.

(tt) **"Permitted Encumbrances"** has the meaning given to that term in the Loan Agreement.

(uu) **"Person"** means any individual, natural person, trustee, sole proprietorship, corporation, general partnership, limited partnership, limited liability company, business trust, joint venture, association, joint stock company, bank, trust, land trust, estate, unincorporated organization, Governmental Authority, endowment fund or any other form of entity of whatever nature, legal or otherwise.

(vv) **"Personalty"** means all Equipment, Inventory, and General Intangibles which are used now or in the future in connection with the ownership, management or operation of the Land or the Improvements or are located on the Land or in the Improvements, including furniture, furnishings, machinery, building materials, appliances, goods, supplies, tools, books, records (whether in written or electronic form), computer equipment (hardware and software) and other tangible personal property which are used now or in the future in connection with the ownership, management or operation of the Land or the Improvements or are located on the Land or in the Improvements, and any operating agreements relating to the Land or the Improvements, and any surveys, plans and specifications and contracts for architectural, engineering and construction services relating to the Land or the Improvements and all other intangible property and rights relating to the operation of, or used in connection with, the Land or the Improvements, including all governmental Permits relating to any activities on the Land or in the Improvements.

(ww) **"Prior Lien"** has the meaning given to that term in Section 28 hereof.

(xx) **"Proceeds"** means all awards, payments, earnings, royalties, issues, profits, liquidated claims and proceeds (including proceeds of insurance and Condemnation and any conveyance in lieu thereof), whether cash or noncash, moveable or immoveable, tangible or intangible, from the sale, conversion (whether voluntary or involuntary), exchange, transfer,

collection, loss, damage, Condemnation, disposition, substitution or replacement of any of the Mortgaged Property.

(yy) **"Property Jurisdiction"** means the jurisdiction in which the Mortgaged Property is located.

(zz) **"Reimbursement Contracts"** means all third-party reimbursement contracts for the Facility which are now or hereafter in effect with respect to residents having or qualifying for coverage under the same, including any state or federal reimbursement programs, Managed Care Plans and private insurance agreements, and any successor program or other similar reimbursement program and/or private insurance agreements, now or hereafter existing.

(aaa) **"Rents"** means all rent and other payments of whatever nature from time to time payable pursuant to the Leases (including, without limitation, rights to Capital Expenditure Reserve (as defined in the Lease Agreement) payments and any rights to payment earned under leases for space in the Improvements for the operation of ongoing retail businesses such as newsstands, barbershops, beauty shops, physicians' offices, pharmacies and specialty shops).

(bbb) **"Security Instrument"** has the meaning given to that term in the first paragraph hereof.

(ccc) **"Single-Purpose Entity"** means a Person which owns no interest or property other than the Mortgaged Property or interests in Borrower and complies with the requirements set forth in the Loan Agreement with respect to the same.

(ddd) **"Supporting Obligations"** has the meaning given such term in the UCC, and includes, without limitation, a letter-of-credit right, secondary obligation, or obligation of a secondary obligor, or secondary obligation that supports the payment or performance of an Account, Chattel Paper, a document, a General Intangible, an Instrument, or Investment Property.

(eee) **"Taxes"** means all taxes, assessments, vault rentals and other charges, if any, general, special or otherwise, including all assessments for schools, public betterments and general or local improvements, which are levied, assessed or imposed by any public authority or quasi-public authority, and which, if not paid, will become a Lien on the Mortgaged Property.

(fff) **"Transfer"** shall mean the conveyance, assignment, sale, transfer, mortgaging, collateral assignment, encumbrance, pledging, alienation, hypothecation, granting of a security interest in, granting of options with respect to, or other disposition of (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration or of record) all or any portion of any legal or beneficial interest (i) in all or any portion of the Mortgaged Property; (ii) in Borrower; or (iii) in any Person that is an owner of Borrower. The term **"Transfer"** shall also include, without limitation, the following: an installment sales agreement wherein Borrower agrees to sell the Mortgaged Property or any part thereof or any interest therein for a price to be paid in installments; an agreement by Borrower leasing all or a substantial part of the Mortgaged Property to one or more Persons pursuant to a single transaction or related transactions, or a sale, assignment or other transfer of, or the grant of

a security interest in, Borrower's right, title and interest in and to any Leases or any Rent other than in the Assignment of Leases and Rents; any Instrument transferring ownership to a cooperative corporation or other form of multiple ownership or governance; the dissolution or termination of Borrower; or the issuance of stock or other evidence of ownership in Borrower.

(ggg) **"Trustee"** means the entity identified as "Trustee" in the first paragraph of this Security Instrument, together with its successors, transferees and assigns.

(hhh) **"UCC"** has the meaning given to that term in Section 2.

(iii) **"UCC Collateral"** has the meaning given to that term in Section 2.

2. **UNIFORM COMMERCIAL CODE SECURITY AGREEMENT.**

(a) This Security Instrument is also a security agreement and fixture filing under the Uniform Commercial Code as in effect from time to time in the Property Jurisdiction (the "UCC") for any of the Mortgaged Property which, under applicable law, may be subject to a security interest under the UCC, whether acquired now or in the future, and all products and cash and non-cash Proceeds thereof (collectively, the **"UCC Collateral"**), and Borrower hereby grants to Lender a security interest in the UCC Collateral. Borrower hereby authorizes Lender to file financing statements, continuation statements and financing statement amendments in such form as Lender may require to perfect or continue the perfection of this security interest and Borrower agrees, if Lender so requests, to execute and deliver to Lender for filing such financing statements, continuation statements and amendments. Borrower shall pay all filing costs and all actual, out-of-pocket costs and expenses of any record searches for financing statements that Lender may require. Without the prior written consent of Lender, Borrower shall not create or permit to exist any other Lien or security interest in any of the UCC Collateral. If an Event of Default has occurred and is continuing, Lender shall have the remedies of a secured party under the UCC, in addition to all remedies provided by this Security Instrument or existing under applicable law. In exercising any remedies, Lender may exercise its remedies against the UCC Collateral separately or together and in any order, without in any way affecting the availability of Lender's other remedies hereunder and/or under applicable law. The terms "sign," "signed" and "signatures" shall have their ordinary meanings except that, to the limited extent Lender, in an authenticated record, expressly agrees otherwise from time to time in the exercise of its sole and absolute discretion, the terms may also include other methods used to authenticate. Without implying any limitation on the foregoing, with respect to the UCC Collateral that may be perfected by control, Borrower shall take such steps as Lender may require in order that Lender may have such control. To the extent that the Proceeds of any of the Accounts are expected to become subject to the control of, or in the possession of, a party other than Borrower or Lender, Borrower shall cause all such parties to execute and deliver on the date of this Security Instrument, and from time to time hereafter, security documents, financing statements or other documents as requested by Lender and as may be necessary to evidence and/or perfect the security interest of Lender in those Proceeds. Borrower agrees that a copy of a fully executed security agreement, such as this Security Instrument and/or financing statement shall be sufficient to satisfy for all purposes the requirements of a financing statement as set forth in Article 9 of the UCC. Borrower hereby irrevocably appoints Lender as Borrower's attorney-in-fact, which is coupled with an interest, with power of substitution, in the name of Lender or in

the name of Borrower or otherwise, for the use and benefit of Lender, but at the cost and expense of Borrower and without notice to Borrower, to execute and deliver any and all of the Instruments and other documents and take any action which Lender may require pursuant the foregoing provisions of this Section. Further, to the extent permitted by applicable laws, Lender may file, without Borrower's signature, one or more financing statements or other notices disclosing Lender's Liens and other security interests. All financing statements and notices may describe Lender's collateral as including all assets or all personal property of Borrower. Borrower hereby ratifies and confirms the validity of any and all financing statements filed by Lender prior to the date of this Security Instrument.

(b) IT IS INTENDED THAT THIS SECURITY INSTRUMENT SHALL BE EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING UNDER THE UCC. Certain of the Mortgaged Property described herein is or is to become Fixtures related to the Land and Improvements.

3. **LEASES.** Borrower shall not, without the prior written consent and approval of Lender, except as otherwise expressly permitted by the Loan Agreement or any of the other Loan Documents, enter into any Lease (other than the Lease Agreement and except for occupancy agreements with Facility residents or agreements for the lease of commercial space of 2,500 square feet total, which are ancillary and beneficial to the primary use of the Mortgaged Property as an independent living or assisted living facility), or enter into or permit any other management agreement of or affecting any part of the Mortgaged Property (other than the Management Agreement, as defined in the Loan Agreement).

4. **DEPOSITS FOR TAXES, INSURANCE AND OTHER CHARGES.**

(a) If any real or personal property Taxes are due within two (2) months following the date of this Security Instrument and have not been paid, Borrower shall pay such Taxes at closing of the Loan. In addition, Borrower will initially deposit with Lender an amount which, when added to the monthly deposits for Taxes hereinafter provided, will be sufficient to pay the Taxes next coming due two months prior to the due date therefor. Borrower shall then deposit with Lender on the day monthly installments of principal and/or interest, or both, are due under the Note (or on another day designated in writing by Lender), until the Loan Obligations are paid in full, an additional amount sufficient to accumulate with Lender the entire sum required to pay, when due, the yearly Taxes and, at Lender's direction, but only from and after notice from Lender, also (i) to the extent applicable, the yearly water and sewer charges which may be levied on all or any part of the Mortgaged Property, (ii) the premiums for fire and other hazard insurance, business interruption insurance and such other insurance as Lender may require under the Loan Agreement or any other Loan Document, and (iii) amounts for other charges and expenses which Lender at any time reasonably deems necessary to protect the Mortgaged Property, to prevent the imposition of Liens on the Mortgaged Property, or otherwise to protect Lender's interests, all as reasonably estimated from time to time by Lender. The amounts deposited under the preceding sentence are collectively referred to in this Security Instrument as the "**Imposition Deposits.**" The obligations of Borrower for which the Imposition Deposits are required are collectively referred to in this Security Instrument as "**Impositions.**" The amount of the Imposition Deposits shall be sufficient to enable Lender to pay each Imposition before the last date upon which such payment may be made without any penalty or

interest charge being added plus one-sixth of such estimate. Lender shall maintain records indicating how much of the monthly Imposition Deposits and how much of the aggregate Imposition Deposits held by Lender are held for the purpose of paying property taxes, insurance premiums and each other obligation of Borrower for which Imposition Deposits are required. The provisions of this Section requiring Imposition Deposits under (i), (ii), and (iii) above shall not apply until notice is given by Lender following an Event of Default under any of the Loan Documents. Lender may from time to time, in its sole discretion, waive Borrower's requirements to remit Imposition Deposits to Lender; provided, however, that: (i) such waiver shall only be effective if given in writing, (ii) any such waiver may thereafter be revoked by Lender in its sole discretion at any time upon notice to Borrower, and (iii) no such waiver granted by Lender shall obligate Lender to provide subsequent waivers or impair any rights, remedies or powers of Lender.

(b) Imposition Deposits shall be held in an institution (which may be Lender, if Lender is such an institution) whose deposits or Accounts are insured or guaranteed by a federal agency. Lender shall not be obligated to open additional Accounts or deposit Imposition Deposits in additional institutions when the amount of the Imposition Deposits exceeds the maximum amount of the federal deposit insurance or guaranty. Lender shall apply the Imposition Deposits to pay Impositions so long as no Event of Default has occurred and is continuing. Unless applicable law requires, Lender shall not be required to pay Borrower any interest, earnings or profits on the Imposition Deposits. Borrower hereby pledges and grants to Lender a security interest in the Imposition Deposits as additional security for all of Borrower's obligations under this Security Instrument and the other Loan Documents. Any amounts deposited with Lender under this Section shall not be trust funds, nor shall they operate to reduce the Loan Obligations, unless applied by Lender for that purpose under Section 4(e) below.

(c) Borrower shall direct the applicable Governmental Authority to deliver the invoices and bills for all Impositions to Lender. If Lender receives a bill or invoice for an Imposition, Lender shall pay the Imposition from the Imposition Deposits held by Lender. Lender shall have no obligation to pay any Imposition to the extent it exceeds Imposition Deposits then held by Lender. Lender may pay an Imposition according to any bill, statement or estimate from the appropriate public office or insurance company without inquiring into the accuracy of the bill, statement or estimate or into the validity of the Imposition.

(d) If at any time the amount of the Imposition Deposits held by Lender for payment of a specific Imposition exceeds the amount reasonably deemed necessary by Lender plus one-sixth of such estimate, the excess shall be credited against future installments of Imposition Deposits. If at any time the amount of the Imposition Deposits held by Lender for payment of a specific Imposition is less than the amount reasonably estimated by Lender to be necessary plus one-sixth of such estimate, Borrower shall pay to Lender the amount of the deficiency within ten (10) Business Days after notice from Lender.

(e) If an Event of Default has occurred and is continuing, Lender may apply any Imposition Deposits, in any amounts and in any order as Lender determines, in Lender's discretion, to pay any Impositions or as a credit against the Loan Obligations. Upon payment in

full of the Loan Obligations, Lender shall refund to Borrower any Imposition Deposits held by Lender.

5. **APPLICATION OF PAYMENTS.** If at any time Lender receives, from Borrower or otherwise, any amount applicable to the Loan Obligations which is less than all amounts due and payable at such time, then Lender may apply that payment to amounts then due and payable in the manner set forth in the Note. Neither Lender's acceptance of an amount which is less than all amounts then due and payable, nor Lender's application of such payment in the manner authorized in the immediately preceding sentence, shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction. Notwithstanding the application of any such amount to the Loan Obligations, Borrower's obligations under this Security Instrument, the Note and any of the other Loan Documents shall remain unchanged.

6. **USE OF PROPERTY.** Unless required by applicable law, Borrower shall not (a) except for any change in use approved by Lender in writing, allow changes in the use for which all or any part of the Mortgaged Property is being used at the time this Security Instrument was executed, (b) convert any part of the Facility to commercial use unless specifically permitted by the terms of the Loan Documents, or (c) initiate or acquiesce in a change in the zoning classification of the Mortgaged Property.

7. **PROTECTION OF LENDER'S SECURITY.**

(a) If Borrower fails to perform any of its obligations under this Security Instrument or any of the other Loan Documents, or if any action or proceeding is commenced which purports to affect the Mortgaged Property, Lender's security or Lender's rights under this Security Instrument, including eminent domain, insolvency, code enforcement, civil or criminal forfeiture, enforcement of Hazardous Materials Laws (as defined in the Environmental Indemnity Agreement), fraudulent conveyance or reorganizations or proceedings involving a bankrupt or decedent, then Lender at Lender's option and upon notice to Borrower may make such appearances, disburse such sums and take such actions as Lender reasonably deems necessary to perform such obligations of Borrower and to protect Lender's interest, including (i) disbursement of fees and out of pocket expenses of attorneys, accountants, inspectors and consultants, (ii) entry upon the Mortgaged Property to make repairs or secure the Mortgaged Property, (iii) procurement of the insurance coverages and policies required under the Loan Agreement, (iv) payment of amounts which Borrower has failed to pay under Section 9 hereof, and (v) payment of Impositions.

(b) Any amounts disbursed by Lender under this Section, or under any other provision of this Security Instrument, or under any of the other Loan Documents, that treats such disbursement as being made under this Section, shall be added to, and become part of the Loan Obligations, shall be immediately due and payable and shall bear interest at the Default Rate from the date of disbursement until paid in full.

(c) Nothing in this Section shall require Lender to incur any expense or take any action.

8. **INSPECTION.** Lender, its agents, representatives, and designees, may make or cause to be made entries upon and inspections of the Mortgaged Property (including environmental inspections and tests in accordance with the other Loan Documents) during normal business hours, or at any other reasonable time, upon advance notice to Borrower (which may be oral), except no notice shall be required in an emergency or during the continuance of an Event of Default.

9. **TAXES; OPERATING EXPENSES.**

(a) Subject to the provisions of Section 9(d) and except for those that Lender is to pay from Imposition Deposits made with Lender in accordance with Section 4 hereof, Borrower shall pay, or cause to be paid, all Taxes when due and payable and prior to delinquency before the addition of any fine or penalty for nonpayment.

(b) Borrower shall pay or cause to be paid the expenses of operating, managing, maintaining and repairing the Mortgaged Property (including insurance premiums, utilities, repairs and replacements) before the last date upon which each such payment may be made without any penalty being added or Lien imposed.

(c) If an Event of Default exists, Lender may exercise any rights Lender may have with respect to Imposition Deposits without regard to whether Impositions are then due and payable.

(d) Borrower, at its own expense, may contest by appropriate legal proceedings, conducted diligently and in good faith, the amount or validity of any Imposition other than insurance premiums, if (i) Borrower notifies Lender of the commencement or expected commencement of such proceedings, (ii) the Mortgaged Property is not in danger of being sold or forfeited, as reasonably determined by Lender, (iii) requested by Lender, Borrower deposits with Lender cash reserves or other collateral sufficient to pay the contested Imposition, (iv) Borrower furnishes whatever security is required in the proceedings or is reasonably requested by Lender, which may include the delivery to Lender of the reserves established by Borrower to pay the contested Imposition, as additional security, and (v) such contest operates to suspend enforcement of such Imposition.

(e) Borrower shall promptly deliver to Lender a copy of all notices of, and invoices for, Impositions, and if Borrower pays any Imposition directly, Borrower shall promptly furnish to Lender receipts evidencing such payments.

(f) In the event of the passage of any law subsequent to the date of this Security Instrument in any manner changing or modifying the laws now in force governing the taxation of deeds of trust or mortgages or debts secured by deeds of trust or mortgages or the manner of collecting any such taxes so as to adversely affect Lender (including, without limitation, a requirement that internal revenue stamps be affixed to this Security Instrument or any of the other Loan Documents), Borrower will promptly pay any such tax. If Borrower fails to make such prompt payment, or if any law prohibits Borrower from making such payment or would penalize Lender if Borrower made such payment, then the entire unpaid balance of the Loan Obligations shall, without notice, immediately become due and payable at the sole option

of Lender. In no event, however, shall any income taxes of Lender or franchise taxes of Lender measured by income, or taxes in lieu of such income taxes or franchise taxes, be required to be paid by Borrower.

10. **LIENS; ENCUMBRANCES.** Borrower acknowledges that the existence of any Lien on the Mortgaged Property, other than Permitted Encumbrances, whether voluntary, involuntary or by operation of law, is a Transfer which constitutes an Event of Default as provided under Section 14 hereof.

11. **PRESERVATION, MANAGEMENT AND MAINTENANCE OF MORTGAGED PROPERTY.** Borrower (a) shall not commit waste or permit impairment or deterioration of the Mortgaged Property, (b) shall not abandon the Facility, (c) shall restore or repair promptly, in a good and workmanlike manner, any damaged part of the Mortgaged Property to the equivalent of its original condition, ordinary wear and tear excepted, or such other condition as Lender may approve in writing, whether or not insurance Proceeds or Condemnation awards are made available to cover any costs of such restoration or repair, except to the extent Lender applies such insurance Proceeds or Condemnation awards to reduce the Loan Obligations, (d) shall keep the Mortgaged Property in good repair, including the replacement of Personalty and Fixtures with items of equal or better function and quality, (e) shall provide for professional management of the Mortgaged Property by Manager pursuant to the Management Agreement or by a manager satisfactory to Lender, in its sole discretion, under a contract approved by Lender in writing, and (f) shall give notice to Lender of and, unless otherwise directed in writing by Lender, shall appear in and defend any action or proceeding purporting to affect the Mortgaged Property, Lender's security or Lender's rights under this Security Instrument. Borrower shall not (and shall not permit any other Person to) remove, demolish or alter the Mortgaged Property or any part of the Mortgaged Property except in connection with the replacement of tangible Personalty.

12. **CONDEMNATION.**

(a) Borrower shall promptly notify Lender of any action or proceeding relating to any condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Mortgaged Property, whether direct or indirect (a "Condemnation"). Borrower shall appear in and prosecute or defend any proceeding relating to any Condemnation unless otherwise directed by Lender in writing. Borrower authorizes and appoints Lender as its attorney-in-fact to commence, appear in and prosecute, in Lender's or Borrower's name, any action or proceeding relating to any Condemnation and to settle or compromise any claim in connection with any Condemnation. This power of attorney is coupled with an interest and therefore is irrevocable. However, nothing contained in this Section shall require Lender to incur any expense or take any action. Borrower hereby transfers and assigns to Lender all right, title and interest of Borrower in and to any award or payment with respect to (i) any Condemnation, or any conveyance in lieu of a Condemnation, and (ii) any damage to the Mortgaged Property caused by governmental action that does not result in a Condemnation.

(b) Subject to the provisions of Section 4.6 of the Loan Agreement, Lender, in its sole discretion, may apply such awards or Proceeds, after the deduction of Lender's actual expenses incurred in the collection of such amounts, at Lender's option, to the restoration or

repair of the Mortgaged Property or to the payment of the Loan Obligations, with the balance, if any, to Borrower. Unless Lender otherwise agrees in writing, any application of any awards or Proceeds to the Loan Obligations shall not extend or postpone the due date of any monthly installments referred to in the Note, Section 4 of this Security Instrument or any of the other Loan Documents, or change the amount of such installments. Borrower agrees to execute such further evidence of assignment of any awards or Proceeds from a Condemnation as Lender may require.

13. TRANSFERS OF THE MORTGAGED PROPERTY OR BENEFICIAL INTERESTS IN BORROWER. Except as otherwise expressly permitted in the Loan Agreement, no Transfer of any part of the Mortgaged Property or any beneficial interest of Borrower shall be permitted without Lender's prior written consent which may be withheld in Lender's sole and absolute discretion.

14. EVENTS OF DEFAULT. The occurrence of any one or more of the following shall constitute an Event of Default under this Security Instrument:

(a) any failure by Borrower to pay or deposit (i) any Imposition Deposits required by Section 4 within the time period set forth in such Section, or (ii) any other amount required by this Security Instrument within ten (10) days following written demand by Lender; or

(b) any Event of Default pursuant to, and as defined in, the Loan Agreement or any of the other Loan Documents; or

(c) any Transfer unless (i) expressly permitted in the Loan Agreement (including, without limitation Section 5.9 of the Loan Agreement) or any of the other Loan Documents, or (ii) approved in writing by Lender in its sole discretion.

15. REMEDIES.

(a) Acceleration of Maturity. If an Event of Default shall exist, then the entire amount of the Loan Obligations shall, at the option of Lender, immediately become due and payable without notice or demand, time being of the essence of this Security Instrument, and no omission on the part of Lender to exercise such option when entitled to do so shall be construed as a waiver of such right.

(b) Uniform Commercial Code. Lender shall have all of the rights and remedies of a secured party under the UCC. If an Event of Default shall exist, upon demand by Lender, Borrower shall assemble the UCC Collateral and make it available to Lender at a place designated by Lender. If an Event of Default shall exist, Lender or its agents may, in accordance with the terms and provisions of the UCC, and to the extent not prohibited by applicable law, without notice, from time to time enter upon Borrower's premises to take possession of the UCC Collateral, to remove it, to render it unusable, to process it or otherwise prepare it for sale, or to sell or otherwise dispose of it.

Any written notice of a sale, disposition or other intended action by Lender with respect to the UCC Collateral which is sent by regular mail, postage prepaid, to Borrower at the

address of Borrower which may from time to time be shown on Lender's records, at least thirty (30) days prior to such sale, disposition or other action, shall constitute commercially reasonable notice to Borrower. Lender may alternatively or additionally give such notice in any other commercially reasonable manner. Nothing in this Security Instrument shall require Lender to give any notice not required by applicable laws.

If any consent, approval, or authorization of any Governmental Authority or of any Person having any interest therein, should be necessary to effectuate any sale or other disposition of the UCC Collateral, Borrower agrees to execute all such applications and other Instruments, and to take all other action, as may be required in connection with securing any such consent, approval or authorization.

If and to the extent any of the UCC Collateral consists of securities, Borrower recognizes that Lender may be unable to effect a public sale of all or a part of the UCC Collateral consisting of such securities by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and other applicable federal and state laws. Lender may, therefore, in its discretion, take such steps as it may deem appropriate to comply with such laws and may, for example, at any sale of the UCC Collateral consisting of securities restrict the prospective bidders or purchasers as to their number, nature of business and investment intention, including, without limitation, imposing a requirement that the Persons making such purchases represent and agree to the satisfaction of Lender that they are purchasing such securities for their account, for investment, and not with a view to the distribution or resale of any thereof. Borrower covenants and agrees to do or cause to be done promptly all such acts and things as Lender may request from time to time and as may be necessary to offer and/or sell the securities or any part thereof in a manner which is valid and binding and in conformance with all applicable laws. Upon any such sale or disposition, Lender shall have the right to deliver, assign and transfer to the purchaser thereof the UCC Collateral consisting of securities so sold.

(c) Deposit Accounts. If an Event of Default shall exist, Lender may require that Borrower cause all of its Accounts to be paid to one or more Deposit Accounts with Lender, or at Lender's option, with another financial institution approved by Lender. Borrower assigns and grants to Lender a security interest in, pledge of and right of setoff against all Moneys from time to time held in such Deposit Accounts, to the extent permitted by applicable law. Borrower agrees to promptly notify all of its account debtors, including account debtors under Reimbursement Contracts, if any, to the extent permitted under applicable law and to the extent Borrower maintains such Deposit Accounts, to make payments to one or more such Deposit Accounts upon Lender's request and as designated by Lender, and Borrower agrees to provide any necessary endorsements to checks, drafts and other forms of payment so that such payments will be properly deposited in such Deposit Accounts. Lender may require that the Deposit Accounts be established so as to comply with any applicable Reimbursement Contracts and other requirements of applicable law with respect to payments of any accounts receivable. Lender may cause Moneys to be withdrawn from such Deposit Accounts and applied to the Loan Obligations in such order as Lender may elect, whether or not then due. Borrower appoints Lender as Borrower's attorney-in-fact, which appointment is coupled with an interest and is irrevocable, to provide any notice, endorse any check, draft or other payment for deposit, or take any other action which Borrower agrees to undertake in accordance with this Section. Lender shall not be liable for failure to collect or to enforce any Accounts or for any action or omission

on the part of Lender, its officers, agents and employees, in collecting or enforcing such Accounts..

(d) Performance by Lender. If any Event of Default shall exist, Lender may, at its sole option, pay, perform or observe the same, and all payments made or costs or expenses incurred by Lender in connection therewith, together with interest thereon at the Default Rate, shall be added to, and become part of the Loan Obligations secured hereby and shall be, without demand, immediately repaid by Borrower to Lender. Notwithstanding anything to the contrary herein, Lender shall have no obligation, explicit or implied, to pay, perform, or observe any term, covenant, or condition.

(e) Receiver. If any Event of Default shall exist, Lender, upon application to a court of competent jurisdiction, shall be entitled as a matter of strict right, without notice (except as may be required by applicable law) and without regard to the sufficiency or value of any security for the Loan Obligations or the solvency of any party bound for its payment, to the appointment of a receiver to take possession of and to operate the Mortgaged Property, including the Facility, and to collect and apply the Rents. The receiver shall have all the rights and powers permitted under the laws of the Property Jurisdiction. Borrower will pay unto Lender upon demand all actual expenses, including receiver's fees, actual attorney's fees, costs and agent's compensation, incurred pursuant to the provisions of this Section, and upon any Borrower's failure to pay the same, any such amounts shall be added to the Loan Obligations and shall be secured by this Security Instrument.

(f) Lender's Power of Enforcement. If an Event of Default shall exist, Lender may, either with or without entry or taking possession as hereinabove provided or otherwise, proceed by suit at law or in equity or any other appropriate proceeding or remedy (i) to enforce payment of the Note or the performance of any term thereof or any other right, (ii) to foreclose this Security Instrument and to sell, in its entirety or in separate lots or parcels, the Mortgaged Property, as provided by applicable law in the Property Jurisdiction, and (iii) to pursue any other remedy available to it, all as Lender shall deem most effectual for such purposes. Lender shall take action either by such proceedings or by the exercise of its powers with respect to entry or taking possession, as Lender may determine in its sole discretion.

(g) Power of Sale.

(i) Trustee, if and as directed by Lender, shall have all of the rights and may exercise all of the powers set forth in applicable laws of the Property Jurisdiction. If Lender elects to sell Borrower's interest in the Mortgaged Property by exercise of the power of sale herein contained, Lender shall notify Trustee in the manner then required by law. Upon receipt of such notice of Lender and at the direction of Lender, Trustee shall cause to be recorded, published and delivered such notices of Default and notices of sale as may then be required by law and by this Security Instrument. Trustee shall, only at the direction of Lender and without demand on Borrower, after such time as may then be required by law and after giving the notice of Default and after recording the notice of sale as required by law, sell the Mortgaged Property at the time and place of sale fixed by it in such notice of sale, either as whole or separate lots or parcels or items as Lender shall deem expedient, and in such order as it may determine, at public auction to the highest bidder for cash in lawful Money of the United

States payable at the time of sale, or as otherwise may then be required by law. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof to the maximum extent permitted by applicable law. Any Person, including, without limitation, Borrower, Trustee or Lender, may purchase the Mortgaged Property, or the portion thereof being sold, at such sale. Trustee may in the manner provided by law postpone sale of all or any portion of the Mortgaged Property. With respect to any Personalty or Fixtures included in the Mortgaged Property or located on the Land and Improvements, Lender may, at its option, sell or otherwise dispose of the same by public or private proceedings, separate from the sale of the real property, in accordance with the provisions of the UCC, and Lender may with respect to such Personalty and Fixtures exercise any other rights or remedies of a secured party under the UCC.

(ii) At any sale conducted pursuant to this Section, Lender may execute and deliver to the purchaser a conveyance of the Mortgaged Property, or any part of the Mortgaged Property, or any Personalty or Fixtures included in the Mortgaged Property or located on the Land and Improvements, in fee simple, which conveyance may contain recitals as to the occurrence of an Event of Default hereunder, and to this end Borrower hereby constitutes and appoints Lender its agent and attorney in fact to make such sale and conveyance and thereby to divest Borrower of all right, title, or equity in and to the Mortgaged Property sold and to vest the same in the purchaser or purchasers at such sale or sales, and all the acts and doings of said agent and attorney in fact are hereby ratified and confirmed. The aforesaid power of sale and agency hereby granted are coupled with an interest and are irrevocable by dissolution or otherwise, are granted as cumulative of the other remedies provided by law for collection of the Loan Obligations, and shall not be exhausted by one exercise thereof but may be exercised until full payment of all of the Loan Obligations.

(h) Purchase by Lender. Upon any foreclosure sale or sale of all or any portion of the Mortgaged Property under the power herein granted, Lender may bid for and purchase the Mortgaged Property and shall be entitled to apply all or any part of the Loan Obligations secured hereby as a credit to the purchase price.

(i) Lender's Option on Foreclosure. At the option of Lender during the existence of an Event of Default, this Security Instrument may be foreclosed as provided by law or in equity, in which event an attorney's fee shall, among other costs and expenses, be allowed and paid out of the Proceeds of the sale. In the event Lender exercises its option to foreclose this Security Instrument in equity, Lender may, at its option, foreclose this Security Instrument subject to the rights of any tenants of the Mortgaged Property and/or residents of the Facility, and the failure to make any such tenants or residents party to any such foreclosure proceeding and to foreclose their rights will not be, nor be asserted by Borrower as, a defense to any proceedings instituted by Lender to collect the sum secured hereby, or any deficiency remaining unpaid after the foreclosure sale of the Mortgage Property.

(j) Application of Proceeds of Sale. In the event of a foreclosure or other sale of all or any portion of the Mortgaged Property, the Proceeds of said sale shall be applied, first, to the actual expenses of such sale and of all proceedings in connection therewith, including actual attorney's fees and expenses (and attorney's fees and expenses shall become absolutely

due and payable whenever foreclosure is commenced); then to insurance premiums, Liens, assessments, Impositions and charges, including utility charges and any other amounts advanced by Lender hereunder, and interest thereon at the Default Rate; then to payment of the Loan Obligations in such order of priority as Lender shall determine, in its sole discretion; and finally the remainder, if any, shall be applied in the manner set forth in applicable law and paid to Borrower, or to the Person lawfully entitled thereto.

(k) Borrower as Tenant Holding Over. In the event of any such foreclosure sale, Borrower (if Borrower shall remain in possession) shall be deemed a tenant holding over and shall forthwith deliver possession to the purchaser or purchasers at such sale or be summarily dispossessed according to provisions of law applicable thereto.

(l) Waiver of Appraisal, Valuation, Etc. Borrower agrees, to the fullest extent permitted by law, that in the case of an Event of Default on the part of Borrower hereunder, neither Borrower nor anyone claiming through or under Borrower will assert, claim or seek to take advantage of any appraisal, redemption, valuation, stay, homestead, extension, exemption or laws now or hereafter in force, in order to prevent or hinder the enforcement of foreclosure of this Security Instrument, or the absolute sale of the Mortgaged Property, or the delivery of possession thereof immediately after such sale to the purchaser at such sale.

(m) Discontinuance of Proceedings. In case Lender shall have proceeded to enforce any right, power or remedy under this Security Instrument by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to Lender, then in every such case, Borrower and Lender shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of Lender shall continue as if no such proceedings had occurred.

(n) Waiver.

(i) No delay or omission by Lender or by any holder of the Note to exercise any right, power or remedy accruing upon any Default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such Default, or acquiescence therein, and every right, power and remedy given by this Security Instrument to Lender may be exercised from time to time and as often as may be deemed expedient by Lender. No consent or waiver expressed or implied by Lender to or of any breach or Default by Borrower in the performance of the obligations of Borrower hereunder shall be deemed or construed to be a consent to or waiver of any other breach or Default in the performance of the same or any other obligations of Borrower hereunder. Failure on the part of Lender to complain of any act or failure to act or failure to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by Lender of its rights hereunder or impair any rights, powers or remedies of Lender hereunder.

(ii) No act or omission by Lender shall release, discharge, modify, change or otherwise affect the original liability under the Note, this Security Instrument, the other Loan Documents or any other obligation of Borrower or any subsequent purchaser of the Mortgaged Property or any part thereof, or any maker, co-signer, endorser, surety or Guarantor,

nor preclude Lender from exercising any right, power or privilege herein granted or intended to be granted in any Event of Default then existing or of any subsequent Default, nor alter the Lien of this Security Instrument, except as expressly provided in an Instrument or Instruments executed by Lender. Without limiting the generality of the foregoing, Lender may (A) grant forbearance or an extension of time for the payment of all or any portion of the Loan Obligations; (B) take other or additional security for the payment of any of the Loan Obligations; (C) waive or fail to exercise any right granted herein, in the Note or in the other Loan Documents; (D) release any part of the Mortgaged Property from the security interest or Lien of this Security Instrument or otherwise change any of the terms, covenants, conditions or agreements of the Note, this Security Instrument or any of the other Loan Documents; (E) consent to the filing of any map, plat or replat affecting the Land; (F) consent to the granting of any easement or other right affecting the Mortgaged Property; (G) make or consent to any agreement subordinating the security title or Lien hereof, or (H) take or omit to take any action whatsoever with respect to the Note, this Security Instrument, the other Loan Documents, the Mortgaged Property or any document or Instrument evidencing, securing or in any way related to this Security Instrument, all without releasing, discharging, modifying, changing or affecting any such liability, or precluding Lender from exercising any such right, power or privilege with respect to the Lien of this Security Instrument. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Mortgaged Property, Lender, without notice, is hereby authorized and empowered to deal with any such vendee or transferee with respect to the Mortgaged Property or the Loan Obligations, or with reference to any of the terms, covenants, conditions or agreements hereof, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any liabilities, obligations or undertakings of Borrower, any guarantor of the Loan Obligations, including Guarantor, or others.

(iii) Borrower waives and relinquishes any and all rights it may have, whether at law or in equity, to require Lender to proceed to enforce or exercise any rights, powers and remedies it may have under the Loan Documents in any particular manner, in any particular order, or in any particular state or jurisdiction. Borrower expressly waives and relinquishes any and all rights and remedies that Borrower may have or be able to assert by reason of the laws of the state of jurisdiction pertaining to the rights and remedies of sureties.

Borrower makes these arrangements, waivers and relinquishments knowingly and as a material inducement to Lender in making the Loan, after consulting with and considering the advice of independent legal counsel selected by Borrower.

(o) Suits to Protect the Mortgaged Property. Lender shall have power to institute and maintain such suits and proceedings as it may deem expedient (i) to prevent any impairment of the Mortgaged Property by any acts which may be unlawful or constitute an Event of Default under this Security Instrument; (ii) to preserve or protect its interest in the Mortgaged Property and in the Rents arising therefrom; and (iii) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would materially impair the security hereunder or be prejudicial to the interest of Lender.

(p) **Proofs of Claim.** In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting Borrower, its creditors or its properties, Lender, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Lender allowed in such proceedings for the entire amount due and payable by Borrower under this Security Instrument at the date of the institution of such proceedings and for any additional amount which may become due and payable by Borrower hereunder after such date.

16. **REMEDIES CUMULATIVE.** Each right and remedy provided in this Security Instrument is distinct from all other rights or remedies under this Security Instrument or any other of the Loan Documents or afforded by applicable law, and each shall be cumulative and may be exercised concurrently, independently, or successively, in any order.

17. **PAYMENT AND PERFORMANCE OF LOAN DOCUMENTS.** Borrower will perform, observe and comply with all provisions hereof and of each of the other Loan Documents to which it is a party and duly and punctually pay to Lender the sum of Money expressed in the Note with interest thereon and pay and perform all other Loan Obligations, all without any deductions or credit for Taxes or other similar charges paid by Borrower.

18. **WARRANTY OF TITLE.** Borrower represents and warrants that it is lawfully seized of an indefeasible estate in fee simple in the Land and other real estate constituting the Mortgaged Property; has good and absolute title to all other Mortgaged Property in which a security interest is herein granted; has good right, full power and lawful authority to sell, convey and make the grant and security interest in the manner and form set forth herein; and that except for the Permitted Encumbrances, the same are free and clear of all Liens, charges and encumbrances whatsoever, including, as to Equipment, conditional sales contracts, mortgages, deeds of trust, chattel mortgages, security agreements, financing statements and anything of a similar nature; and Borrower shall and will warrant and forever defend the title thereto unto Lender, and its successors, transferees and assigns, against the lawful claims of all Persons whomsoever.

19. **FORBEARANCE.**

(a) Lender may agree with Borrower, from time to time, at Lender's option and without giving notice to, or obtaining the consent of, or having any effect upon the obligations of Guarantor or any other third party obligor, extend the time for payment of all or any part of the Loan Obligations, reduce the payments due under this Security Instrument, the Note, or any of the other Loan Documents, release anyone liable for the payment of any amounts under this Security Instrument, the Note, or any of the other Loan Documents, accept a renewal of the Note, modify the terms and time of payment of the Loan Obligations, join in any extension or subordination agreement, release any Mortgaged Property, take or release other or additional security, modify the rate of interest or period of amortization of the Note or change the amount of the monthly installments payable under the Note, or otherwise modify this Security Instrument, the Note, or any of the other Loan Documents.

(b) Any forbearance by Lender in exercising any right or remedy under the Note, this Security Instrument, the Guaranty Agreement, or any of the other Loan Documents or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy. The acceptance by Lender of payment of all or any part of the Loan Obligations after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Lender's right to require prompt payment when due of all other payments on account of the Loan Obligations or to exercise any remedies for any failure to make prompt payment. Enforcement by Lender of any security for the Loan Obligations shall not constitute an election by Lender of remedies so as to preclude the exercise of any other right available to Lender. Lender's receipt of any insurance and/or Condemnation Proceeds shall not operate to cure or waive any Event of Default.

20. LOAN CHARGES. If any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower is interpreted so that any charge provided for in any of the Loan Documents, whether considered separately or together with other charges levied in connection with any of the other Loan Documents, violates that law, and Borrower is entitled to the benefit of that law, that charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Lender in excess of the permitted amounts shall be applied by Lender to reduce the principal of the Loan Obligations. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower has been violated, all Loan Obligations which constitute interest, as well as all other charges levied in connection with the Loan Obligations which constitute interest, shall be deemed to be allocated and spread over the stated term of the Note. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of the Note.

21. WAIVER OF STATUTE OF LIMITATIONS. Borrower hereby waives the right to assert any statute of limitations defense as a bar to the enforcement of the Lien of this Security Instrument or to any action brought to enforce any of the other Loan Documents.

22. WAIVER OF MARSHALLING. Notwithstanding the existence of any other security interests in the Mortgaged Property held by Lender or by any other party, Lender shall have the right to determine the order in which any or all of the Mortgaged Property shall be subjected to the remedies provided in this Security Instrument, the Note, the Loan Agreement, any of the other Loan Documents or under applicable law. Lender shall have the right to determine the order in which any or all portions of the Loan Obligations are satisfied from the Proceeds realized upon the exercise of such remedies. Borrower and any party who now or in the future acquires a security interest in the Mortgaged Property and who has actual or constructive notice of this Security Instrument waives any and all right to require the marshalling of assets or to require that any of the Mortgaged Property be sold in the inverse order of alienation or that any of the Mortgaged Property be sold in parcels or as an entirety in connection with the exercise of any of the remedies permitted by applicable law or provided in this Security Instrument.

23. FURTHER ASSURANCES. Borrower shall execute, acknowledge, and deliver, at its sole cost and expense, all further acts, deeds, conveyances, assignments, estoppel

certificates, financing statements, transfers and assurances as Lender may require from time to time in order to better assure, grant, and convey to Lender the rights intended to be granted, now or in the future, to Lender under this Security Instrument and the other Loan Documents.

24. **ESTOPPEL CERTIFICATE.** Within ten (10) days after a request from Lender, Borrower shall deliver to Lender a written statement, signed and acknowledged by Borrower, certifying to Lender or any Person designated by Lender, as of the date of such statement, (a) that the Loan Documents are unmodified and in full force and effect (or, if there have been modifications, that the Loan Documents are in full force and effect as modified and setting forth such modifications); (b) the unpaid principal balance of the Note; (c) the date to which interest under the Note has been paid; (d) that Borrower is not in Default in paying the Loan Obligations or in performing or observing any of the covenants or agreements contained in this Security Instrument or any of the other Loan Documents (or, if Borrower is in Default, describing such Default in reasonable detail); (e) whether or not there are then existing any setoffs or defenses known to Borrower against the enforcement of any right or remedy of Lender under the Loan Documents; and (f) any additional facts reasonably requested by Lender.

25. **GOVERNING LAW; CONSENT TO JURISDICTION AND VENUE.**

(a) This Security Instrument, and any of the other Loan Documents which do not expressly identify the law that is to apply, shall be governed by the laws of the State of Alabama, without reference to conflict of laws principles, provided, however, that matters of creation, perfection, priority or enforceability of any and all Liens and security interests provided for herein, and rights and remedies with respect thereto, shall be governed by the laws of the Property Jurisdiction.

(b) Each of Borrower and Lender consents to the nonexclusive jurisdiction of any and all state and federal courts with jurisdiction in the State of Alabama over Borrower and Borrower's assets. Borrower agrees that its assets shall be used first to satisfy all claims of creditors organized or domiciled in the United States and that no assets of Borrower in the United States shall be considered part of any foreign bankruptcy estate.

(c) Each of Borrower and Lender agrees that any controversy arising under or in relation to the Note, this Security Instrument, or any of the other Loan Documents may be litigated in the State of Alabama. The state and federal courts and authorities with jurisdiction in the State of Alabama shall have nonexclusive jurisdiction over all controversies which shall arise under or in relation to the Note, any security for the Loan Obligations, or any of the other Loan Documents. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

26. **NOTICE.**

(a) All notices, demands and other communications (each a "Notice") under or concerning this Security Instrument shall be in writing. Each Notice shall be addressed to the intended recipient at its address set forth in this Security Instrument, and shall be deemed given on the earliest to occur of (i) the date when the Notice is delivered to the addressee by hand

delivery; (ii) one (1) Business Day after the Notice is delivered to FedEx or other recognized overnight courier service, with arrangements made for payment of charges for next Business Day delivery; or (iii) three (3) Business Days after the Notice is deposited in the United States mail with postage prepaid, certified mail, return receipt requested.

(b) Any party to this Security Instrument may change the address to which Notices intended for it are to be directed by means of a Notice given to the other party in accordance with this Section. Each party agrees that it will not refuse or reject delivery of any Notice given in accordance with this Section, that it will acknowledge, in writing, the receipt of any Notice upon request by the other party and that any Notice rejected or refused by it shall be deemed for purposes of this Section to have been received by the rejecting party on the date so refused or rejected, as conclusively established by the records of the U.S. Postal Service or the courier service.

(c) Any Notice under the Note and any other Loan Documents which does not specify how Notices are to be given shall be given in accordance with this Section.

(d) Copies of any Notice sent to Lender pursuant to this Section shall be sent to:

Baker Donelson Bearman Calwell & Berkowitz, PC.
1901 Sixth Ave. North, Suite 2600
Birmingham, AL 35203
Attention: Eric L. Pruitt, Esq.
Phone: (205) 244-3836
Email: epruitt@bakerdonelson.com

(e) Copies of any Notice sent to Borrower pursuant to this Section shall be sent to:

Tonkon Harp, LLP
1600 Pioneer Tower
888 SW Fifth Avenue
Portland, OR 97204
Attention: Ted Herzog, Partner

27. **SINGLE-PURPOSE ENTITY.** Until the Loan Obligations are paid in full, Borrower shall maintain its status as a Single-Purpose Entity and comply with all those covenants with respect to its status as a Single-Purpose Entity as set forth in the Loan Agreement.

28. **SUBROGATION.** If, and to the extent that, the proceeds of the Loan are used to pay, satisfy or discharge any obligation of Borrower for the payment of Money that is secured by a pre-existing mortgage, security deed, deed of trust or other Lien encumbering the Mortgaged Property (a "**Prior Lien**"), such loan proceeds shall be deemed to have been advanced by Lender at Borrower's request, and Lender shall automatically, and without further action on its part, be

subrogated to the rights, including lien priority, of the owner or holder of the obligation secured by the Prior Lien, whether or not the Prior Lien is released.

29. **SUBSTITUTION OF TRUSTEE.** Lender, at its option, shall have the right from time to time to appoint a successor trustee to any trustee appointed under this Security Instrument by Lender's execution and acknowledgment of a written Instrument which is recorded in the office of the recorder of each county in which the Land is located. The recordation of such an Instrument in accordance with this Section shall constitute conclusive proof of the proper substitution of a successor trustee under this Security Instrument. Upon recordation of such an Instrument, the successor trustee shall succeed to all the title, power and duties granted to Trustee under this Security Instrument and by applicable law without conveyance of the Mortgaged Property. Such instrument shall contain the name of the original Lender, Trustee and Borrower named in this Security Instrument, the book and page or other recording information for this Security Instrument, and the name and address of the successor trustee. If a notice of Default has been recorded prior to the recordation of a substitution of trustee, the power of substitution shall not be exercised by Lender until the costs, fees and expenses of the acting trustee have been paid in full and the acting trustee has endorsed acknowledgment of receipt of such amounts on the instrument substituting the successor trustee. Without limiting the terms of this Section, Lender shall have the right from time to time to substitute a successor to any trustee appointed under this Security Instrument in accordance with any statutory or other procedure allowed by law for such substitution. All title, estate, rights, powers, trusts and duties hereunder given or appertaining to or devolving upon Trustees shall be in each Trustee so that any action hereunder or purporting to be hereunder of any one of the original or any successor Trustees shall for all purposes be considered to be as effective as the action of all Trustees.

30. **LIABILITY OF TRUSTEE.** Trustee shall have no liability or responsibility for, and makes no warranties in connection with, the validity or enforceability of any of the Loan Documents or the description, value or status of title to the Mortgaged Property. Trustee shall be protected in acting upon any notice, request, consent, demand, statement, note or other paper or document believed by him/her/it to be genuine and to have been signed by the party or parties purporting to sign the same. Trustee shall not be liable for any error of judgment, nor for any act done or step taken or omitted, nor for any mistakes of law or fact, nor for anything which Trustee may do or refrain from doing in good faith, nor generally shall Trustee have any accountability hereunder except for its duties and obligations imposed by applicable law and to the extent arising from Trustee's willful misconduct or gross negligence. The powers and duties of Trustee hereunder may be exercised through such attorneys, agents or servants as it may appoint, and Trustee shall have no liability or responsibility for any act, failure to act, negligence or willful conduct of such attorney, agent or servant, so long as they were selected with reasonable care. In addition, Trustee may consult with legal counsel selected by it and shall have no liability or responsibility by reason of any act or failure to act in accordance with the opinions of such counsel. Trustee may act hereunder and may sell or otherwise dispose of the Mortgaged Property or any part thereof as herein provided, although Trustee has been, may now be or may hereafter be, attorneys, officers, agents or employees of Lender, in respect of any matter of business whatsoever. Trustee, however, shall have no obligation to sell all or any part of the Mortgaged Property following an Event of Default or to take any other action authorized to be taken by it hereunder except upon the demand of Lender.

31. **TRUST IRREVOCABLE; ACCEPTANCE BY TRUSTEE.** The trust created by this Security Instrument is irrevocable by Borrower. Trustee accepts this trust when this Security Instrument, duly executed and acknowledged, is recorded in the county in which the Land is located as provided by law. Trustee is not obligated to notify any party of a pending sale under any other deed of trust or of any action or proceeding in which Borrower, Lender or Trustee shall be a party unless brought by Trustee.

32. **LENDER STATEMENT; CERTAIN CHARGES.** With respect to (a) any statement, accounting, or similar information requested by Borrower or any other Person pursuant to any provision of applicable law; or (b) any other document furnished to Borrower or any other Person by Lender at Borrower's request, Lender shall have the right to charge the maximum amount then permitted by law or, if there is no such maximum, Lender's then customary charge for providing such statement, accounting, or other information. Borrower shall pay Lender its customary charge for any other service rendered by Lender in connection with the Loan or the Mortgaged Property, including the issuance of a request for full or partial release of the Lien of this Security Instrument, transmitting the Loan proceeds to an escrow holder and changing Lender's records relating to the Loan Obligations.

33. **DISCLOSURE OF INFORMATION.** Lender may furnish financial information regarding Borrower or the Mortgaged Property to third parties with an existing or prospective interest in the enforcement, evaluation, performance, purchase or securitization of the Loan Obligations, including, but not limited to, credit rating agencies. Borrower irrevocably waives any and all rights it may have under applicable law to prohibit such disclosure, including, but not limited to, any right of privacy.

34. **COMMERCIAL TRANSACTION; OTHER WAIVERS.** The interest of Lender hereunder and the obligations of Borrower for all Loan Obligations arise from a "commercial transaction" within the meaning of the UCC. Accordingly, pursuant to the UCC, Borrower waives any and all rights which Borrower may have to notice prior to seizure by Lender of any interest in any Personalty of Borrower which constitutes part of the Mortgaged Property, whether such seizure is by writ of possession or otherwise, and also waives the requirement for any bond in connection with any writ of immediate possession sought by Lender. Borrower also expressly waives, to the maximum extent permitted by law, those provisions of the UCC that may operate to rescind the acceleration of the Loan Obligations secured hereby and reinstate such Loan Obligations in accordance with its terms following the withdrawal of any foreclosure proceedings by Lender. Borrower acknowledges and agrees that such rescission and reinstatement shall occur only upon written agreement of Lender.

35. **RELEASE.** Upon Borrower's written request and provided (i) all Loan Obligations secured by this Security Instrument have been paid or performed in full (other than contingent Loan Obligations which by their terms survive the release hereof and as to which no event giving rise to the incurrence of any such Loan Obligations shall have occurred), (ii) Borrower has no right to obtain further advances from Lender, and (iii) all fees due to Lender in connection with release of this Security Instrument have been paid, Lender shall request Trustee to reconvey the Lien of this Security Instrument from title to the Mortgage Property and shall surrender to Trustee or Borrower, as applicable, the Note and all other documents evidencing the Loan Obligations secured by this Security Instrument. To the maximum extent permitted by law,

the recitals in the release of any matters or facts shall be conclusive proof of their truthfulness. Such release shall operate as a reassignment of the Rents and profits assigned to Lender under the Assignment of Leases and Rents. Lender shall deliver this Security Instrument and the Note after release to the Person or Persons legally entitled thereto.

36. EXECUTION OF DOCUMENTS BY LENDER. Without notice to or affecting the liability of Borrower or any other Person for the payment or performance of the Loan Obligations, without affecting the Lien or priority of this Security Instrument or Lender's rights and remedies under the other Loan Documents, and without liability to Borrower or any other Person, Lender shall have the right, at any time and from time to time, to do any one or more of the following: (a) release any part of the Mortgaged Property and (b) execute any extension agreement relating to any or all of the Loan Obligations, any document subordinating the Lien of this Security Instrument to any other Lien or document, or any other document relating to the Mortgaged Property, Loan Obligations, or Loan Documents.

37. JOINT AND SEVERAL LIABILITY. If more than one Person signs this Security Instrument as Borrower, the obligations of such Persons shall be joint and several.

38. RELATIONSHIP OF PARTIES; NO THIRD PARTY BENEFICIARY. The relationship between Lender and Borrower shall be solely that of creditor and debtor, respectively, and nothing contained in this Security Instrument shall create any other relationship between Lender and Borrower. No creditor of any party to this Security Instrument and no other Person shall be a third party beneficiary of this Security Instrument or any of the other Loan Documents.

39. SEVERABILITY; AMENDMENTS. The invalidity or unenforceability of any provision of this Security Instrument shall not affect the validity or enforceability of any other provision, and all other provisions shall remain in full force and effect. This Security Instrument contains the entire agreement among the parties as to the rights granted and the obligations assumed in this Security Instrument. This Security Instrument may not be amended or modified except by a writing signed by the party against whom enforcement is sought.

40. MISCELLANEOUS PROVISIONS. The captions and headings of the sections of this Security Instrument are for convenience only and shall be disregarded in construing this Security Instrument. Any reference in this Security Instrument to an "Exhibit" or a "Section" shall, unless otherwise explicitly provided, be construed as referring, respectively, to an Exhibit attached to this Security Instrument or to a section of this Security Instrument. All Exhibits attached to or referred to in this Security Instrument are incorporated by reference into this Security Instrument. Any reference in this Security Instrument to a statute or regulation shall be construed as referring to that statute or regulation as amended from time to time. Use of the singular in this Security Instrument includes the plural and use of the plural includes the singular. As used in this Security Instrument, the term "including" means "including, but not limited to."

41. WAIVER OF TRIAL BY JURY. BORROWER AND LENDER, BY ITS ACCEPTANCE HEREOF, HEREBY WAIVE ANY RIGHT THAT EITHER OR BOTH MAY HAVE TO A TRIAL BY JURY ON ANY CLAIM, COUNTERCLAIM, SETOFF, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING OUT OF OR IN ANY WAY

RELATED TO THIS SECURITY INSTRUMENT OR THE LOAN, OR (B) IN ANY WAY CONNECTED WITH OR PERTAINING OR RELATED TO OR INCIDENTAL TO ANY DEALINGS OF LENDER AND/OR BORROWER WITH RESPECT TO THE LOAN DOCUMENTS OR IN CONNECTION WITH THIS SECURITY INSTRUMENT OR THE EXERCISE OF EITHER PARTY'S RIGHTS AND REMEDIES UNDER THIS SECURITY INSTRUMENT OR OTHERWISE OR THE CONDUCT OR THE RELATIONSHIP OF BORROWER AND LENDER, IN ALL OF THE FOREGOING CASES WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. BORROWER AGREES THAT LENDER MAY FILE A COPY OF THIS SECURITY INSTRUMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY, AND BARGAINED AGREEMENT OF BORROWER TO IRREVOCABLY WAIVE ITS RIGHTS TO TRIAL BY JURY AS AN INDUCEMENT TO LENDER TO MAKE THE LOAN, AND THAT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY DISPUTE OR CONTROVERSY WHATSOEVER BETWEEN BORROWER AND LENDER SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

42. WAIVER OF AUTOMATIC STAY. BORROWER HEREBY AGREES THAT, IN CONSIDERATION OF LENDER'S AGREEMENT TO MAKE THE LOAN AND IN RECOGNITION THAT THE FOLLOWING COVENANT IS A MATERIAL INDUCEMENT THERETO, IN THE EVENT THAT BORROWER SHALL (A) FILE WITH ANY BANKRUPTCY COURT OF COMPETENT JURISDICTION OR BE THE SUBJECT OF ANY PETITION UNDER ANY SECTION OR CHAPTER OF TITLE 11 OF THE UNITED STATES CODE, AS AMENDED (THE "BANKRUPTCY CODE"), OR SIMILAR LAW OR STATUTE; (B) BE THE SUBJECT OF ANY ORDER FOR RELIEF ISSUED UNDER THE BANKRUPTCY CODE OR SIMILAR LAW OR STATUTE; (C) FILE OR BE THE SUBJECT OF ANY PETITION SEEKING ANY REORGANIZATION, ARRANGEMENT, COMPOSITION, READJUSTMENT, LIQUIDATION, DISSOLUTION, OR SIMILAR RELIEF UNDER ANY PRESENT OR FUTURE FEDERAL OR STATE ACT OR LAW RELATING TO BANKRUPTCY, INSOLVENCY, OR OTHER RELIEF FOR DEBTORS; (D) HAVE SOUGHT OR CONSENTED TO OR ACQUIESCED IN THE APPOINTMENT OF ANY TRUSTEE, RECEIVER, CONSERVATOR, OR LIQUIDATOR; OR (E) BE THE SUBJECT OF AN ORDER, JUDGMENT OR DECREE ENTERED BY ANY COURT OF COMPETENT JURISDICTION APPROVING A PETITION FILED BY OR AGAINST BORROWER FOR ANY REORGANIZATION, ARRANGEMENT, COMPOSITION, READJUSTMENT, LIQUIDATION, DISSOLUTION, OR SIMILAR RELIEF UNDER ANY PRESENT OR FUTURE FEDERAL OR STATE ACT OR LAW RELATING TO BANKRUPTCY, INSOLVENCY OR RELIEF FOR DEBTORS, THEN, SUBJECT TO COURT APPROVAL, LENDER SHALL THEREUPON BE ENTITLED TO, AND BORROWER HEREBY IRREVOCABLY CONSENTS TO, AND WILL NOT CONTEST, AND AGREES TO STIPULATE TO, RELIEF FROM ANY AUTOMATIC STAY OR OTHER INJUNCTION IMPOSED BY SECTION 362 OF THE BANKRUPTCY CODE, OR SIMILAR LAW OR STATUTE, AND RELIEF FROM ANY EXCLUSIVITY PERIOD SET FORTH IN SECTION 1121 OF THE BANKRUPTCY CODE OR SIMILAR LAW OR STATUTE, AND FOLLOWING AN EVENT OF DEFAULT,

BORROWER WILL NOT SEEK TO ENJOIN OR CONTEST THE RIGHT OF LENDER TO EXERCISE ITS REMEDIES UNDER THE LOAN DOCUMENTS, INCLUDING, BUT NOT LIMITED TO, FORECLOSURE OR APPOINTMENT OF A RECEIVER, OR ANY PROPOSED SALE BY A RECEIVER OF ALL OR ANY PART OF THE MORTGAGED PROPERTY.

43. WAIVER OF JUDICIAL HEARING. BY EXECUTION OF THIS SECURITY INSTRUMENT, BORROWER EXPRESSLY: ACKNOWLEDGES THE RIGHT OF LENDER TO ACCELERATE THE LOAN OBLIGATIONS EVIDENCED BY THE NOTE AND OTHER LOAN DOCUMENTS AND THE POWER GIVEN HEREIN TO LENDER TO SELL THE MORTGAGED PROPERTY BY NONJUDICIAL FORECLOSURE UPON DEFAULT BY BORROWER WITHOUT ANY JUDICIAL HEARING AND WITHOUT ANY NOTICE OTHER THAN SUCH NOTICE AS IS SPECIFICALLY REQUIRED TO BE GIVEN UNDER THE NOTE, BY THE PROVISIONS OF THIS SECURITY INSTRUMENT OR BY LAW; ACKNOWLEDGES THAT THE UNDERSIGNED HAS READ THIS SECURITY INSTRUMENT AND THAT ANY AND ALL QUESTIONS REGARDING THE LEGAL EFFECT OF THIS SECURITY INSTRUMENT AND ITS PROVISIONS HAVE BEEN EXPLAINED FULLY TO BORROWER. BORROWER HAS CONSULTED WITH ITS COUNSEL PRIOR TO EXECUTING THIS SECURITY INSTRUMENT AND ACKNOWLEDGES THAT ALL WAIVERS OF THE AFORESAID RIGHTS OF BORROWER HAVE BEEN MADE KNOWINGLY, INTENTIONALLY AND WILLINGLY BY THE UNDERSIGNED, ON BEHALF OF BORROWER, AS PART OF A BARGAINED-FOR LOAN TRANSACTION AND THAT THIS SECURITY INSTRUMENT IS VALID AND ENFORCEABLE BY LENDER AGAINST BORROWER IN ACCORDANCE WITH ALL THE TERMS AND CONDITIONS HEREOF.

44. SUCCESSORS AND ASSIGNS BOUND. This Security Instrument shall bind, and the rights granted by this Security Instrument shall inure to, the successors, transferees and assigns of Lender and the permitted successors, transferees and assigns of Borrower.

45. COUNTERPARTS. This Security Instrument may be executed in any number of counterparts, all of which when taken together shall constitute one and the same Security Instrument.

46. FIXTURE FILING. This Security Instrument shall be effective as a financing statement filed as a fixture filing with respect to all Fixtures included within the Mortgaged Property and is to be filed for record in the real estate records in the Property Jurisdiction. The mailing address of Borrower is set forth in the first paragraph of this Security Instrument and the address of Lender from which information concerning the security interest may be obtained is the address of Lender set forth in in the first paragraph of this Security Instrument.

47. TIME OF THE ESSENCE. Time is strictly of the essence of this Security Instrument.

48. STATE SPECIFIC PROVISIONS. In the event of any inconsistencies between the terms and conditions of this Section 48 and the other provisions of this Security Instrument

that relate to matters governed by the laws of the Property Jurisdiction pursuant to Section 25(a), the terms and conditions of this Section 48 shall control and be binding.

(a) STATUTORY NOTICE. 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.

(b) If this Security Instrument is foreclosed as a mortgage, the purchaser at such foreclosure sale, during any redemption period, may make such repairs and take such actions on and to the Mortgaged Property as may be reasonably necessary for the proper operation, care, preservation, protection and insurance of the Mortgaged Property. All sums expended by the purchaser in the exercise of any such right or remedy and all actual, reasonable costs and expenses so incurred, together with interest thereon at the Default Rate from the date of expenditure by the purchaser (or the highest lawful rate if that is less) shall be added to and become part of the amount required to be paid for the redemption from such sale.

(c) To the extent the Washington Deed of Trust Act (RCW Ch. 61.24), as now existing or hereafter amended, or other statute requires that the "fair market value" or "fair value" (as defined in RCW 61.24.005(6)) of the Mortgaged Property be determined as of the foreclosure date in order to enforce a deficiency against Borrower, Guarantor or any other party liable for repayment of the Loan, the term "fair market value" or "fair value" shall include those matters required by law and the additional following factors: (i) The Mortgaged Property shall be valued "as is" and "with all faults" and there shall be no assumption of restoration or refurbishment of the Improvements, if any, after the date of the foreclosure; and (ii) An offset to the fair market value or fair value of the Property, as determined hereunder, shall be made by deducting from such value the reasonable estimated closing costs related to the sale of the Mortgaged Property, including but not limited 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 actual costs of any appraisals and other expenses incurred in connection with any such determination of fair market value or fair value.

(d) The Loan secured by this Security Instrument is a "commercial loan," as that term is defined in RCW 61.24.005(4). No portion of the Mortgaged Property is "residential real property" as defined in RCW 61.24.005(13).

(e) The Mortgaged Property is not presently, and will not during the term of this Security Instrument be, used principally or at all for agricultural or farming purposes. The Loan was not made primarily for personal, family or household purposes.

(f) To the extent the provisions of RCW 4.24.115 are applicable to any of Borrower's obligations to indemnify Lender under this Security Instrument, and to the extent indemnification obligations under this Security Instrument include the sole negligence of Lender or the concurrent negligence of Borrower and Lender, such provisions shall be valid and enforceable only to the extent of Borrower's negligence. IN ADDITION, BORROWER EXPRESSLY WAIVES BORROWER'S IMMUNITY UNDER RCW CH. 51, INDUSTRIAL INSURANCE, AND ANY SUCCESSOR OR RELATED STATUTE WITH RESPECT TO

LENDER TO GIVE FULL EFFECT TO BORROWER'S INDEMNIFICATION OBLIGATIONS.

(g) Notwithstanding any provision of this Security Instrument to the contrary, (i) the obligations of Borrower and Guarantor under the Environmental Indemnity, (ii) the obligations of Guarantor under the Guaranty, (iii) any other obligations under any other indemnification agreement in favor of Lender, and (iv) any obligation that would be deemed "substantial equivalents" of any of the matters described in subparagraphs (i) through (iii) above for purposes of RCW 61.24.100 shall not be deemed secured by this Security Instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Borrower has caused this Security Instrument to be properly executed by its duly authorized representative as of the date first above written.

BORROWER:

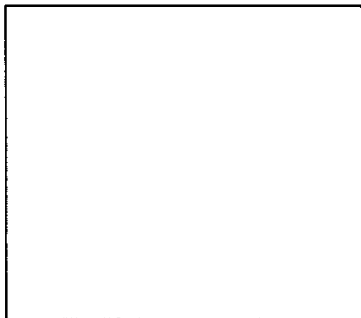
RADIANT PROPERTIES LA CONNER, LLC,
a Washington limited liability company

BY: James T. Guffee
Print Name: James T. Guffee
Its: Manager

STATE OF Oregon)
COUNTY OF Multnomah) ss:

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

Dated: January 29, 2025



(Use this space for notarial stamp/seal)

Rachael Paige Rodgers
Notary Public
Print Name Rachael Paige Rodgers
My commission expires 2/3/2025

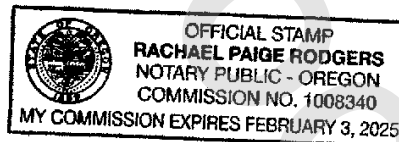


EXHIBIT "A"**LEGAL DESCRIPTION**

The Land referred to herein below is situated in the County of Skagit, State of Washington, and is described as follows:

PARCEL "A":

LOTS 1, 4 AND 5, BLOCK 4, "CALHOUN ADDITION TO THE TOWN OF LA CONNER", AS PER PLAT RECORDED IN VOLUME 1 OF PLATS, PAGE 14, RECORDS OF SKAGIT COUNTY, WASHINGTON.

PARCEL "B":

THE NORTH 25 FEET OF LOT 2 AND THE NORTH 25 FEET OF THE WEST 1/2, OF LOT 3, BLOCK 4, "CALHOUN ADDITION TO THE TOWN OF LA CONNER", AS PER PLAT RECORDED IN VOLUME 1 OF PLATS, PAGE 14, RECORDS OF SKAGIT COUNTY, WASHINGTON.

PARCEL "C":

LOT 2 AND THE WEST 1/2, OF LOT 3, BLOCK 4, LESS THE NORTH 25 FEET OF LOT 2 AND LESS THE NORTH 25 FEET OF THE WEST 1/2, OF LOT 3, "CALHOUN ADDITION TO THE TOWN OF LA CONNER", AS PER PLAT RECORDED IN VOLUME 1 OF PLATS, PAGE 14, RECORDS OF SKAGIT COUNTY, WASHINGTON.

PARCEL "D":

THE EAST 1/2 OF LOT 3 AND ALL OF LOT 6, BLOCK 4, "CALHOUN ADDITION TO THE TOWN OF LA CONNER", AS PER PLAT RECORDED IN VOLUME 1 OF PLATS, PAGE 14, RECORDS OF SKAGIT COUNTY, WASHINGTON.

PARCEL "E":

LOTS 1, 2, 3 AND 4, BLOCK 5, "CALHOUN ADDITION TO THE TOWN OF LA CONNER", AS PER PLAT RECORDED IN VOLUME 1 OF PLATS, PAGE 14, RECORDS OF SKAGIT COUNTY, WASHINGTON.