

AFTER RECORDING RETURN TO:

First-Citizens Bank & Trust Company
100 E Tryon Rd - DAC20
Raleigh, North Carolina 27603

213753-LT

CONSENT TO ASSIGNMENT FOR COLLATERAL

GRANTORS:

PORT OF SKAGIT COUNTY

GRANTEE:

FIRST-CITIZENS BANK & TRUST COMPANY

ABBREVIATED LEGAL
DESCRIPTION:

PTN NW ¼, ALL SW ¼, 33-35-3 E W.M.

Full Legal Description on Exhibit A attached hereto

ASSESSOR'S TAX PARCEL ID
NUMBER:

350333-1-007-0008/P35302 & 350333-1-007-
0108/P137112

CONSENT TO ASSIGNMENT FOR COLLATERAL

This **CONSENT TO ASSIGNMENT FOR COLLATERAL** ("Agreement") is made and entered into this 17th day of March 2025, by and between the **PORT OF SKAGIT COUNTY**, a Washington municipal corporation (hereinafter referred to as "Lessor"), **FORTRESS WEST, LLC**, a Washington limited liability company (hereinafter referred to as Lessee"), and **FIRST-CITIZENS BANK & TRUST COMPANY** (hereinafter referred to as "Assignee").

I. RECITALS

WHEREAS, the Lessor and Lessee entered into that Land Lease dated September 10, 2019, and as amended by that certain First Amendment to Land Lease Agreement dated September 25, 2020, a Second Amendment to Lease dated January 24, 2025, and a Third Amendment to Lease dated February 24, 2025 (the "Lease"), wherein the Lessor leased property to Lessee defined as the "Premises" in the Lease and attached hereto as **Exhibit A**;

WHEREAS, the Lessee desires to assign the Lease to the Assignee for security purposes pursuant to a Construction Leasehold Deed of Trust, Assignment of Lease and Rent, Security Agreement and Fixture Filing ("Deed of Trust"), and a Collateral Assignment of Lease ("Collateral Assignment") (hereinafter referred to as the "Security Agreements"), copies of which is attached hereto as **Exhibit B**; and

WHEREAS, the Lessor is willing to consent to the Security Agreements pursuant to certain terms and conditions.

II. TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **CONSENT:** Lessor consents to the Security Agreements on the terms and conditions set forth herein.
2. **LESSOR COVENANTS:** Lessor will not consent to any Material Modification or mutual cancellation of the Lease unless Assignee first consents thereto in writing, which consent shall not be unreasonably withheld, conditioned or delayed, and any attempted Material Modification or mutual cancellation without such consent shall be void as to Assignee and its successors in interest. As used herein, "Material Modification" means an amendment which: (i) shortens the term of the Lease; (ii) increases or expands any restrictions on Lessee's ability to sublease the Premises, (iii) increases or expands any restrictions on the permitted use stated in the Lease; (iv) changes the condemnation or reconstruction provisions of the Lease; or (v) otherwise affects or changes any economic terms of the Lease (including, without limitation, rent and other charges or payments, payment and performance obligations, and timing of required payments). Notwithstanding the foregoing, any modification to the Lease which affects or changes the economic terms of the Lease (including, without limitation, increasing rent and other charges or payments and/or payment and performance obligations) as a result of (a) additional property

being added to the leased premises or (b) additional years and/or renewal terms being added to the term of the Lease shall not constitute a Material Modification and shall not require Assignee's prior written approval.

3. **RIGHTS IN THE EVENT OF A DEFAULT:** Lessor agrees that, if an event of default occurs under the Lease, Assignee will have the right to receive written notice in writing upon of such default under the Lease and the same right (but not obligation) to cure such default as Lessee is entitled to under the Lease before Lessor exercises its remedies under the Lease (including any right to terminate the Lease).

4. **POST-FORECLOSURE POSSESSION:** Lessor agrees that, if (i) Assignee acquires Lessee's leasehold estate as a consequence of foreclosure, deed in lieu of foreclosure, assignment, or otherwise, and (ii) the Lease is not then in default, with Lender's consent, which shall not be unreasonably delayed, conditioned, or withheld, Assignee may assign the Lease. Lessor acknowledges and agrees that, subject to the rights of all sublessees in the Premises, the Premises may be closed for the reasonable period of time necessary: (i) to enable Assignee (if Assignee acquires Lessee's leasehold estate as a consequence of foreclosure, deed in lieu of foreclosure, assignment, or otherwise) to assign the Lease or (ii) for any such assignee or sublessee to make alterations to or otherwise adapt the Premises to its intended use, which use must comply with the terms of the Lease, and such closure shall not be a default under the Lease.

5. **ASSIGNEE EXERCISE OF REMEDIES:** Lessor agrees that Assignee shall have the right to exercise any of the remedies provided for in the Security Documents, including the right to institute and prosecute foreclosure proceedings against the Lessee's leasehold interest in the Premises and cause such interest to be sold in accordance therewith, or to exercise any other remedy available to Assignee, at law or in equity, subject to Lessor's right to approve any purchaser/assignee of Lessee's leasehold interest in the Premises, which approval shall not be unreasonably withheld, conditioned, or delayed. Upon such sale, whether at foreclosure or otherwise, Lessor agrees that the person or entity purchasing at such sale shall succeed to all of the rights, title and interests of Lessee under the Lease. Provided the Lease is not then in default, Lessor further agrees to provide the person or entity purchasing at such sale with an estoppel certificate, to which shall be attached a true and correct copy of the Lease, and any modifications thereto, and which shall state the items set forth in Section 9, below (and/or any exceptions thereto).

6. **PURPOSE OF ASSIGNMENT:** The purpose of the assignment set forth in this Agreement is to provide the Assignee with security on its loan of money or other consideration (the "Loan") granted to the Lessee. In the event of a default by the Lessee under the Loan, which default does not also constitute a default under the terms of the Lease, the Assignee shall not be obligated to exercise its rights under the Security Agreements.

7. **ASSIGNEE'S ABANDONMENT OF ASSIGNMENT:** Notwithstanding anything in this Agreement to the contrary, the Assignee shall have the right to abandon its security interest in the Premises at any time by giving the Lessor at least sixty (60) days advance written notice of such abandonment. The abandonment shall be effective on the sixty-first (61st) day following such notice (the "Effective Date"). The Assignee shall be responsible for paying Lessor all of

the rent, taxes, and other payments that accrue or become due prior to the Effective Date. Subsequent to the Effective Date, the Assignee shall have no further rights or obligations under the Lease and this Agreement.

8. TRANSFER AND ATTORNEYS' FEES:

8.1 Transfer Fee. Lessee shall pay an administrative handling and transfer fee ("Transfer Fee") of Three Hundred Dollars (\$300.00) to Lessor prior to Lessor reviewing the requested assignment.

8.2 Attorneys' Fees. In addition to the Transfer Fee, Lessee shall pay Lessor's reasonable and customary attorneys' fees incurred relating to the Lessee's request for Lessor's consent to this Agreement. Lessee's failure to remit this amount within sixty (60) days of the mailing of the notice of such charges shall constitute a default under this Lease. Notwithstanding anything to the contrary herein, the Lessee shall not be obligated to reimburse the Lessor in any case where an assignment or sublease is not accomplished due to total refusal on the part of Lessor to grant its consent to the request.

9. **ESTOPPEL:** Lessor represents to Assignee as follows: (i) Lessor is the fee simple owner of the Premises; (ii) the Lease was duly executed and delivered by Lessor; (iii) to the best of Lessor's knowledge, the Lease is in full force and effect, (iv) the Lease has not been changed, amended, modified, supplemented, in writing or orally, except as set forth in the Recitals above; (v) the Lease constitutes the entire agreement between Lessor and Lessee for Lessee's use of the Premises; and (vi) to the best of Lessor's knowledge, as of the date hereof, there are no existing defaults in the performance of any terms, covenants, and conditions of the Lease by Lessee or Lessor.

10. **LANDLORD LIEN WAIVER:** Lessor hereby waives and subordinates, as respects to Assignee only, its statutory landlords' lien in and to any of Lessee's personal property at or on the Premises.

11. **WAIVER OF CLAIMS:** In partial consideration for consenting to this Agreement, the Lessee does hereby forever release, indemnify, and hold harmless the Lessor, its commissioners, employees, and agents from any and all Claims arising from or connected with the Lease or the Premises. For purposes of this paragraph, the term "Claims" means any and all claims, demands, lawsuits, judgments, demands, fines, or penalties, whether known or unknown and whether liquidated or unliquidated on the date of this Agreement.

12. **GOVERNING LAW:** This Agreement, and the right of the parties hereto, shall be governed by and construed in accordance with the laws of the State of Washington, and the parties agree that in any such action, jurisdiction and venue shall lie exclusively in Skagit County, Washington, and not in any federal court. The substantially prevailing party in any such dispute shall be entitled to an award of its attorneys' fees and costs.

13. **COUNTERPARTS AND ELECTRONIC TRANSMISSION:** This Agreement may be signed in counterparts. Electronic transmission of any signed original document, and

retransmission of any signed electronic transmission, shall be the same as delivery of an original document.

14. **NOTICES:** Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party shall be in writing and addressed to the other party at the addresses as follows:

TO LESSOR:	Port of Skagit County 15400 Airport Drive Burlington, WA 98233
TO LESSEE:	Fortress West, LLC 6500 Harbour Heights Parkway Mukilteo, WA 98275-4889
TO ASSIGNEE:	First-Citizens Bank & Trust Company 300 110th Avenue NE, Suite 103 Bellevue, WA 98004

or such address as may have been specified by notifying the other party of the change of address. Notice shall be deemed served on the date of actual delivery or the first (1st) attempted delivery as shown on the return receipt if mailed with the United States Postal Service by certified mail, return receipt requested.

15. **ENTIRE AGREEMENT:** This Agreement contains all of the understandings between the parties regarding the consent set forth herein. Each party represents that no promises, representations, or commitments have been made by the other as a basis for this Agreement which have not been reduced to writing herein. No oral promises or representations shall be binding upon either party, whether made in the past or to be made in the future, unless such promises or representations are reduced to writing in the form of a modification to this Agreement and executed with all necessary legal formalities by the Lessor.

[Signatures on next page.]

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.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first above written.

LESSEE:

FORTRESS WEST, LLC



By: Maresa Desimone
Its: Agent

ASSIGNEE:

FIRST CITIZENS BANK & TRUST COMPANY

By:
Its:

LESSOR:

PORT OF SKAGIT COUNTY



By: Sara Young
Its: Executive Director

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.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first above written.

LESSEE:


FORTRESS WEST, LLC

By:
Its:**LESSOR:**

PORT OF SKAGIT COUNTY

By: Sara Young
Its: Executive Director**ASSIGNEE:**

FIRST CITIZENS BANK & TRUST COMPANY

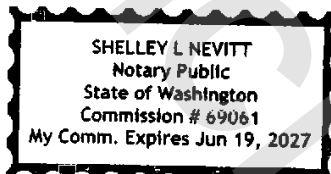


By: SHARON GILL
Its: SVP & CBO

STATE OF WASHINGTON)
) ss.
 COUNTY OF SKAGIT)

On this day before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared, Sara Young, to me known to be the Executive Director of the Port of Skagit County and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute the said instrument on behalf of the corporation.

GIVEN under my hand and official seal this 17th day of March, 2025

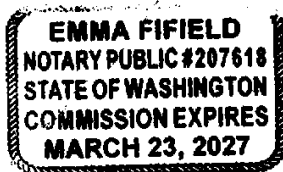


Shelley L. Nevitt
 Print Name: Shelley L. Nevitt
 NOTARY PUBLIC in and for the
 State of Washington, residing at Bow
 My commission expires: 6-19-2027

STATE OF WASHINGTON)
) ss.
 COUNTY OF Snohomish)

On this day before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared, MARISA DESIMONE, to me known to be the Agent of FIRSTFILL, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute the said instrument on behalf of the corporation.

GIVEN under my hand and official seal this 15th day of March, 2025.

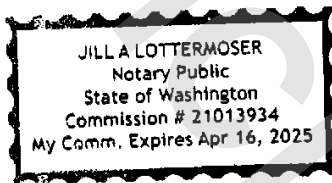


Emma Fifield
 Print Name: Emma Fifield
 NOTARY PUBLIC in and for the
 State of Washington, residing at Snohomish County
 My commission expires: March 23 2027

STATE OF WASHINGTON)
) ss.
 COUNTY OF ~~SNOW~~ SNOW)

On this day before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared, James, to me known to be the SVP of Restoration and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute the said instrument on behalf of the corporation.

GIVEN under my hand and official seal this 17th day of March, 2025



Jill A Lottermoser
 Print Name: Jill A Lottermoser
 NOTARY PUBLIC in and for the
 State of Washington, residing at Snow Mountain
 My commission expires: April 16, 2025

**EXHIBIT A
TO
CONSENT TO ASSIGNMENT FOR COLLATERAL**

Legal Description

A portion of the Southwest ¼ of Section 33, Township 35 North, Range 3 East, Willamette Meridian, more particularly described as follows:

Commencing at the Southwest corner of said Section 33, as marked by a 5/8" rebar with plastic cap stamped "Judy 7593" at the intersection of Bay View Road and Farm to Market Road;
Thence South 88°37'13" East along the South line of said Section 33, 384.80 feet;
Thence North 00°00'00" East, 12.47 feet to the North edge of asphalt paving of Bay View Road and the True Point of Beginning of the lease parcel described herein;
Thence continuing North 00°00'00" East, 1,701.08 feet;
Thence North 90°00'00" East, 1,326.00 feet;
Thence South 00°00'00" East, 1,734.20 feet to a point on the North edge of asphalt paving of said Bay View Road from which the South ¼ corner of said Section 33, as marked by a 5/8" rebar with plastic cap stamped "Judy 7593", bears South 87°53'40" East 890.15 feet;
Thence traveling coincident with said North edge of asphalt as constructed at the time of this description the following nominal courses and distances;
Thence North 88°24'02" West, 333.32 feet;
Thence North 88°30'24" West, 164.65 feet;
Thence North 88°51'40" West, 164.72 feet;
Thence North 88°38'18" West, 332.57 feet;
Thence North 88°33'16" West, 331.15 feet to the true point of beginning and the terminus of the lease parcel description contained herein.
Situate in the County of Skagit, State of Washington.

**EXHIBIT B
TO
CONSENT TO ASSIGNMENT FOR COLLATERAL
Security Documents**

AFTER RECORDING RETURN TO:

First-Citizens Bank & Trust Company
100 E Tryon Rd - DAC20
Raleigh, North Carolina 27603

EXHIBIT B

CONSTRUCTION LEASEHOLD DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT, AND FIXTURE FILING

GRANTOR: FORTRESS WEST, LLC
GRANTEE #1 (Trustee): LAND TITLE AND ESCROW COMPANY
GRANTEE #2 (Beneficiary): FIRST-CITIZENS BANK AND TRUST COMPANY
ABBREVIATED LEGAL DESCRIPTION: PTN NW ¼, ALL SW ¼, 33-35-3 E W.M.
Full Legal Description on Exhibit A attached hereto
ASSESSOR'S TAX PARCEL ID
NUMBER: 350333-1-007-0008/P35302 & 350333-1-007-0108/P137112

Loan Number: 00910012913974

**CONSTRUCTION LEASEHOLD DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT, AND FIXTURE FILING**

This Construction Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement, and Fixture Filing ("*Deed of Trust*"), is made this 28th day of February 2025 by FORTRESS WEST, LLC, a Washington limited liability company, whose address 6500 Harbour Heights Parkway, Suite 202, Mukilteo, Washington 98275 ("*Grantor*"); to LAND TITLE AND ESCROW COMPANY, a Washington corporation, whose address is 111 East George Hopper Road, Burlington, Washington 98233, and its successors in trust and assigns ("*Trustee*"), for the benefit of FIRST-CITIZENS BANK & TRUST COMPANY, a North Carolina banking corporation, whose address is 300 110th Avenue NE, Suite 103, Bellevue, Washington 98004 ("*Beneficiary*").

1. **Granting Clause.** For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to secure the Secured Obligations (as defined in Section 4 below) including, without limitation, payment of the indebtedness evidenced by the Note (as hereinafter defined) with interest thereon, and any other sums payable thereunder and hereunder, and to secure the performance of the obligations contained herein, Grantor grants, bargains, sells, and conveys to Trustee and its successors in trust and assigns, forever, in trust, with power of sale, all of Grantor's estate, right, title, interest, claim and demand in and to the property located in the County of Skagit, State of Washington, described as follows, whether now existing or hereafter acquired (all of the property described in all parts of this Section 1 and all additional property, if any, described in Section 2 are herein collectively referred to herein as the "*Property*"):

1.1 **Leasehold Interest.** All of Grantor's interest as a tenant in the leasehold estate with respect to the real property legally described on Exhibit A, attached hereto, and incorporated herein by this reference (the "*Leasehold Property*"), and commonly known as 11941 Farm to Market Road, Mount Vernon, Washington 98273, which Leasehold Property is subject to that certain Land Lease Agreement between PORT OF SKAGIT COUNTY and Grantor dated September 10, 2019, as amended by that certain First Amendment to Land Lease Agreement dated September 25, 2020, a Second Amendment to Lease dated January 24, 2025, and a Third Amendment to Lease dated February 24, 2025 ("*Ground Lease*"). The Ground Lease and the amendments thereto are recorded under Recording Numbers 202503040060, 202503040061, 202503040062, 202503040063, records of the Skagit County, Washington. The Leasehold Property shall be deemed to include any additional real property demised to Grantor under the Ground Lease as a consequence of any modifications, extensions, renewals, or expansion of thereof, together with any right, title or interest Grantor hereafter acquires in or to all or any part of the Leasehold Property, including, without limitation, fee simple title to the Leasehold Property to the extent fee simple title is hereafter acquired by Grantor; and

1.2 **Improvements and Fixtures.** All buildings, structures and other improvements now or hereafter erected on the Leasehold Property above, and all facilities, fixtures, machinery, apparatus, installations, goods, inventory, furniture, and equipment, and other properties of whatsoever nature (including, without limitation, all heating, ventilating, air conditioning, plumbing and electrical equipment, all elevators and escalators, all sprinkler systems, all engines and motors, all lighting, laundry, cleaning, fire prevention and fire extinguishing equipment, all ducts and compressors, all refrigerators, stoves and other appliances, attached cabinets, partitions, rugs, carpets, blinds and draperies, all building materials and supplies, and all construction materials and equipment), now or hereafter located in or used or procured for use in connection with that property, it being the intention of the parties that all property of the character hereinabove described which is now owned or hereafter acquired by Grantor and which is affixed or

attached to or used in connection with the Leasehold Property above shall be, remain and/or become a portion of that property and shall be covered by and subject to the lien of this Deed of Trust, together with all contracts, agreements, permits, plans, specifications, drawings, surveys, engineering reports and other work products relating to the construction of the existing or any future improvements on the Leasehold Property, any and all rights of Grantor in, to or under any architect's contracts or construction contracts relating to the construction of the existing or any future improvements on the Leasehold Property, and any performance and/or payment bonds issued in connection therewith together with any and all rights of Grantor, without limitation, to make claim for, collect, receive and receipt for any and all rents, income, revenues, issues, royalties, profits, including mineral, oil and gas rights and profits, insurance proceeds, condemnation awards and other moneys payable or receivable from or on account of any of the foregoing, including interest thereon, or to enforce all other provisions of any agreement (including those referred to above) affecting or relating to any of the foregoing; and

1.3 Enforcement and Collection. Any and all rights of Grantor, without limitation, to make claim for, collect, receive and receipt for any and all rents, income, revenues, issues, royalties, and profits, including mineral, oil and gas rights and profits, insurance proceeds, condemnation awards and other moneys, payable or receivable from or on account of any of the property described in Sections 1.1 and 1.2, including interest thereon, or to enforce all other provisions of any other agreement (including those described in Section 1.2 above) affecting or relating to any of the property described in Sections 1.1 and 1.2, to bring any suit in equity, action at law or other proceeding for the collection of such moneys or for the specific or other enforcement of any such agreement, award or judgment, in the name of Grantor or otherwise, and to do any and all things which Grantor is or may be or become entitled to do with respect thereto, provided, however, that no obligation of Grantor under the provisions of any such agreements, awards or judgments shall be impaired or diminished by virtue hereof, nor shall any such obligation be imposed upon Trustee or Beneficiary; and

1.4 Accounts and Income. Any and all rights of Grantor in any and all accounts, rights to payment, contract rights, chattel paper, documents, instruments, licenses, contracts, agreements and general intangibles relating to any of the property described in Sections 1.1, 1.2 and 1.3, including, without limitation, income and profits derived from the operation of any business on the property described in Sections 1.1 and 1.2 or attributable to services that occur or are provided on the property described in Sections 1.1 and 1.2 or generated from the use and operation of the property described in Sections 1.1 and 1.2; and

1.5 Miscellaneous Income and Accounts Receivable. All other income, accounts and accounts receivable of any nature whatsoever generated from any of the foregoing including, without limitation, income from concessions, vending machines, coin-operated laundry equipment and other coin operated-equipment, storage and parking income, and concession, ticket, sales, and advertising income; and

1.6 Leases. All of Grantor's rights and interests as landlord (and/or sublandlord) in and to all existing and future leases, subleases, concessions, licenses, rental agreements, franchises, and other occupancy agreements affecting all or any portion of the property described in Sections 1.1 and 1.2 or any part thereof and all amendments, modifications, extensions, renewals, or supplements thereto approved in writing by Beneficiary, whether written or oral and whether for a definite term or month to month (collectively, the "Leases"), including any and all rents, guarantees of the lessees' obligations (including any and all security thereunder), security and other deposits, and any other security received or receivable thereunder. In accepting this Deed of Trust neither Beneficiary nor Trustee assumes any liability for the performance of any such Leases; and

1.7 Products and Proceeds. All products or proceeds of any of the foregoing described in this Section 1; and

1.8 Books and Records. All books and records of Grantor in any form relating to the foregoing described in this Section 1.

2. Security Agreement. To the extent any of the property described in Section 1 is personal property, Grantor, as debtor, grants to Beneficiary, as secured party, a security interest therein together with a security interest in all other personal property of whatsoever nature which is located on or used or to be used in connection with any of the property described in Section 1, and any products or proceeds of any thereof, pursuant to the Uniform Commercial Code of the state of Washington (the "UCC"), on the terms and conditions contained herein, except that where any provision hereof is in conflict with the UCC, the UCC shall control. Beneficiary hereby assigns such security interest to Trustee, in trust, for the benefit of Beneficiary to be dealt with as a portion of the "Property" except as otherwise specified herein. This Deed of Trust shall be deemed to be a security agreement and a fixture filing with respect to all property subject to the UCC. Information concerning this security interest can be obtained from Beneficiary at the address set forth in Section 10.2. Grantor authorizes Beneficiary to file and/or record such financing statements as Beneficiary deems necessary or advisable to perfect the security interests herein granted.

3. Assignment of Leases and Rents.

3.1 Assignment. For purposes of securing the Secured Obligations (as defined below), Grantor does hereby absolutely and unconditionally grant, transfer, convey, sell, set over, and assign to Beneficiary all of Grantor's right, title and interest now existing and hereafter arising in and to the Leases, and hereby gives to and confers upon Beneficiary the immediate and continuing right to collect all the income, receipts, rents, revenues, issues, profits, royalties, and proceeds from the Leases and any business conducted on the Property and any and all prepaid rent and security deposits thereunder (collectively, the "Rents") now due or which may become due or to which Grantor may now or shall hereafter (including those Rents coming due during any redemption period) become entitled or may demand or claim, arising or issuing from or out of the Leases or from or out of the Property or any part thereof, including, but not limited to, minimum rents, additional rents, percentage rents, deficiency rents and liquidated damages following default, and all proceeds payable under any policy of insurance covering loss of rents resulting from untenability caused by destruction or damage to the Property, together with any and all rights and claims of any kind which Grantor may have against any tenant under the Leases or any subtenants or occupants of the Property, EXCEPTING THEREFROM, any sums which by the express provisions of any of the Leases are payable directly to any governmental authority or to any other person, firm or corporation other than the landlord under the Lease. Grantor irrevocably appoints Beneficiary its true and lawful attorney at the option of Beneficiary at any time to demand, receive and enforce payment, to give receipts, releases and satisfactions and to sue, either in the name of Grantor or in the name of Beneficiary, for all such Rents and apply the same to the Secured Obligations (as defined below).

3.2 Grantor's Representations and Warranties Re: Leases and Rents. Grantor represents and warrants that:

(a) Grantor has good title to the Leases and Rents hereby assigned and good right to assign the same, and that no other person, firm, or corporation has any right, title or interest therein;

(b) Grantor has fully and punctually performed all the terms, covenants, conditions and warranties of the Leases on Grantor's part to be kept, observed and performed;

- (c) the Leases are valid and unmodified and in full force and effect;
- (d) Grantor has not previously sold, assigned, transferred, mortgaged or pledged the Rents from the Property, whether now due or hereafter to become due;
- (e) except as permitted by Section 3.4(a) below, any of the Rents due and issuing from the Property or from any part thereof for any period subsequent to the date hereof have not been collected and that payment of any of same has not otherwise been anticipated, waived, released, discounted, set off, or otherwise discharged or compromised;
- (f) except as permitted by Section 3.4(a) below, Grantor has not received any funds or deposits from any tenant for which credit has not already been made on account of accrued Rents;
- (g) the tenants under the Leases are not in default of any of the terms thereof, nor is any event existing that would through passage of time, the giving of notice, or the expiration of a period of grace constitute such a default; and
- (h) none of the Leases contains a purchase option or first right of refusal to purchase all or any portion of the Premises.

3.3 Grantor's Covenants of Performance Re: Leases and Rents. Grantor covenants and agrees:

- (a) to observe, perform and discharge, duly and punctually, all obligations, terms, covenants, conditions and warranties of this Deed of Trust, of all existing and future Leases affecting the Property, on the part of Grantor to be kept, observed and performed, and to give prompt notice to Beneficiary of (i) any failure on the part of Grantor to observe, perform and discharge same, and (ii) any notice, demand or other document received by Grantor from any tenant or subtenant under the Leases specifying any default claimed to have been made by Grantor under the Leases;
- (b) to promptly deposit and maintain all security deposits or other deposits received by Grantor from tenants in a segregated trust account in a federally insured bank or savings and loan association and to notify and direct in writing each and every present or future tenant or occupant of the Property or of any part thereof that any security deposit or other deposits heretofore delivered to Grantor have been retained by Grantor or assigned and delivered to Beneficiary as the case may be;
- (c) to strictly enforce or secure, by all available means, in the name of Beneficiary (upon notice to Beneficiary) the prompt and faithful performance of and compliance with each and every obligation, term, covenant, condition and agreement in the Leases by any tenant to be performed and complied with by such tenants, and to notify Beneficiary of the occurrence of any default under the Leases;
- (d) to appear in and defend any action or proceeding arising under, occurring out of, or in any manner connected with the Leases or the obligations, duties, or liabilities of Grantor and any tenant thereunder, and upon request by Beneficiary, to do so in the name and on behalf of Beneficiary, but in all cases at the sole expense of Grantor;
- (e) to pay all costs and expenses of Beneficiary, including attorneys' fees in a reasonable sum, in any action or proceeding in which Beneficiary may appear in connection herewith; and

(f) to neither create nor permit any lien, charge or encumbrance upon its interest as lessor of the Leases except the lien of this Deed of Trust or as permitted under this Deed of Trust.

3.4 Prior Approval For Actions Affecting or Relating to Leases. Grantor shall provide copies of all Leases upon request from Beneficiary. Grantor further covenants and agrees that it will not, without the prior written consent of Beneficiary (which consent may be withheld in Beneficiary's sole and absolute discretion):

(a) receive or collect any rents from any present or future tenant of the Property or any part thereof for a period of more than one (1) month in advance of the date on which such payment is due, or collect a security deposit in excess of one (1) month's rent (whether in cash, by letter of credit or by promissory note),

(b) pledge, transfer, mortgage, or otherwise encumber or assign future payments of Rents;

(c) waive, excuse, condone, discount, set off, compromise, or in any manner release or discharge any tenant under any Leases of the Property, of and from any obligations, covenants, conditions and agreements by the tenant to be kept, observed and performed, including the obligation to pay the Rents thereunder in the manner and at the place and time specified therein;

(d) cancel, terminate or consent to any surrender of any of the Leases, nor permit any of the aforementioned (other than in connection with a default by the tenant), nor exercise any right of recapture provided in any Leases, nor modify, or in any way alter the terms thereof;

(e) lease any part of the Property nor amend, modify, renew, or extend the term of any existing lease of the Property (unless an option therefor was originally so reserved by a tenant in its lease for a fixed and definite rental); and

(f) relocate or expand the floor space of any tenant within the Property, nor consent to any modification of the express purposes for which the Property have been leased, nor consent to any subletting of the Property or any part thereof, or to any assignment of the Leases by any tenant thereunder or to any assignment or further subletting of any sublease.

In connection with any new or modified Lease to which Beneficiary consents, Grantor shall obtain and deliver to Beneficiary an estoppel certificate and a subordination attornment and nondisturbance agreement from the tenant, both in form and substance acceptable to Beneficiary.

3.5 Rejection of Leases. In the event any lessee under the Leases should be the subject of any proceeding under the Federal Bankruptcy Act or any other federal, state or local statute which provides for the possible termination or rejection of the Leases assigned hereby, Grantor covenants and agrees that in the event any of the Leases is so rejected, no damages settlement shall be made without the prior written consent of the Beneficiary; and further that any check in payment of damages for rejection of any such Lease will be made payable both to Grantor and Beneficiary; and Grantor hereby assigns any such payment to Beneficiary and further covenants and agrees that, upon request of Beneficiary, it will duly endorse to the order of Beneficiary any such check, the proceeds of which will be applied to any portion of the indebtedness secured by this Deed of Trust as Beneficiary may elect.

3.6 License to Collect Rents. So long as there shall exist no Event of Default under the Note or this Deed of Trust, Grantor shall have the right under a license granted hereby (but limited as

provided in Section 3.7 below), to collect, but not prior to accrual, all of the Rents arising from or out of said Leases, or any renewals, extensions, and replacements thereof, or from or out of the Property or any part thereof; and Grantor shall receive such Rents and shall hold them, as well as the right and license to receive them, as a trust fund to be applied, and Grantor hereby covenants to so apply them, as required by Beneficiary, first, to the payment of taxes and assessments upon said Property before penalty or interest is due thereon; second, to the cost of insurance, maintenance and repairs required by the terms of this Deed of Trust; third, to the satisfaction of all obligations specifically set forth in the Leases; and fourth, to the payment of interest and principal becoming due on the Note and this Deed of Trust, before using any part of the same for any other purposes.

3.7 **Termination of License.** Upon an Event of Default under the Note or this Deed of Trust, Beneficiary, at its option and without notice, shall have the complete right, power and authority hereunder to exercise and enforce any or all of the following rights and remedies at any time:

(a) to terminate the license granted to Grantor to collect the Rents without taking possession of the Property, and to demand, collect, receive, sue for, attach and levy against the Rents in Beneficiary's own name; to give proper receipts, releases and acquittance therefor; and after deducting all necessary and proper costs and expenses of operation and collection as determined by Beneficiary, including reasonable attorneys' fees, to apply the net proceeds thereof, together with any funds of Grantor deposited with Beneficiary, upon any indebtedness secured hereby and in such order as Beneficiary may determine;

(b) to declare all sums secured hereby immediately due and payable and, at its option, exercise all or any of the rights and remedies contained herein or in the Note;

(c) without regard to the adequacy of the security or the solvency of Grantor, with or without any action or proceeding through any person or by agent, or by the Trustee, or by a receiver to be appointed by a court, and without regard to Grantor's possession, to enter upon, take possession of, manage and operate the Property or any part thereof; make, modify, enforce, cancel or accept surrender of any Leases now or hereafter in effect on said Property or any part thereof; remove and evict any tenant; increase or decrease Rents; decorate, clean and repair, and otherwise do any act or incur any costs or expenses as Beneficiary shall deem proper to protect the security hereof, as fully and to the same extent as Grantor could do if in possession; and in such event, to apply the Rents so collected in such order as Beneficiary shall deem proper to the operation and management of the Property, including the payment of reasonable management, brokerage and attorneys' fees, payment of the indebtedness under the Note and this Deed of Trust, and payment to a reserve fund for replacements, which fund shall not bear interest; and

(d) require Grantor to transfer all security deposits to Beneficiary, together with all records evidencing such deposits.

Provided, however, that the acceptance by Beneficiary of this Deed of Trust, with all of the rights, powers, privileges and authority so created, shall not, prior to entry upon and taking possession of said Property by Beneficiary, be deemed or construed to constitute Beneficiary a "mortgagee in possession," nor thereafter or at any time or in any event obligate Beneficiary to appear in or defend any action or proceeding relating to the Leases or to the Property, or to take any action hereunder, or to expend any money or incur any expenses or perform or discharge any obligation, duty or liability under the Leases, or to assume any obligation or responsibility for any security deposits or other deposits delivered to Grantor by any lessees thereunder and not assigned and delivered to Beneficiary; nor shall Beneficiary be liable in any way for any

injury or damage to person or property sustained by any person or persons, firm or corporation in or about the Property; and

Provided further, that the collection of the Rents and application as aforesaid and/or the entry upon and taking possession of the Property shall not cure or waive any default; or waive, modify or affect any notice of default required under the Note and Deed of Trust; or invalidate any act done pursuant to such notice. Although the original default be cured and the exercise of any such right or remedy be discontinued, the same or any other right or remedy hereunder shall not be exhausted and may be reasserted at any time and from time to time following any subsequent default. The rights and powers conferred on Beneficiary hereunder are cumulative of and not in lieu of any other rights and powers otherwise granted Beneficiary. A demand by Beneficiary of any tenant for payment of rents by reason of any default claimed by Beneficiary shall be sufficient direction to said tenant to make future payments of all rents to Beneficiary without the necessity for further consent by or notice to Grantor.

3.8 Appointment of Attorney-in-Fact. Grantor hereby constitutes and appoints Beneficiary its true and lawful attorney-in-fact, coupled with an interest of Grantor; and in the name, place and stead of Grantor, to subordinate at any time and from time to time, any Leases affecting the Property or any part thereof, to the lien of this Deed of Trust, or any other deed of trust encumbering the Property, or to any ground lease of the Property; and to request or require such subordination where such option or authority was reserved to Grantor under any such Leases, or in any case where Grantor otherwise would have the right, power or privilege so to do. This appointment is to be irrevocable and continuing and these rights, powers and privileges shall be exclusive in Beneficiary, its successors and assigns as long as any part of the indebtedness secured hereby shall remain unpaid. Grantor hereby warrants that it has not, at any time prior to the date hereof, exercised any right to subordinate any such lease to this Deed of Trust or to any other deed of trust, or ground lease, and further covenants not to exercise any such right.

3.9 Indemnification. Grantor hereby agrees to indemnify and hold Beneficiary harmless from any and all liability, loss, damage or expense which Beneficiary may incur under or by reason or in defense of any and all claims and demands whatsoever which may be asserted against Beneficiary arising out of the Leases, including, but not limited to, any claims by any tenants of credit for rental for any period under any Leases, or for any security deposit, paid to and received by Grantor, but not delivered to Beneficiary. Should Beneficiary incur any such liability, loss, damage, or expense, the amount thereof (including reasonable attorneys' fees) with interest thereon at the Default Rate specified in the Note, shall be payable by the Grantor immediately and without demand, and shall be secured as a lien by this Deed of Trust.

3.10 Records. Until the Secured Obligations shall have been paid in full, Grantor shall deliver to Beneficiary executed copies of any and all renewals of existing leases and all future leases upon all or any part of the Property, and Grantor will transfer and assign such Leases to Beneficiary upon the same terms and conditions as herein contained, provided, however, that the foregoing shall not be construed as detracting from the validity of this instrument as a valid assignment of any and all existing and future Leases. Grantor hereby covenants and agrees to make, execute and deliver unto Beneficiary upon demand and at any time any and all assignments and other records and instruments, including, but not limited to, rent rolls and books of account sufficient for the purpose that Beneficiary may deem to be advisable for carrying out the purposes and intent of this Deed of Trust.

3.11 Merger. It is understood and agreed that (i) the fact the Leases or the leasehold estates created thereby may be held, directly or indirectly, by or for the account of any person or entity which shall have an interest in the fee estate of the Property; or (ii) any other event, shall not merge any Leases or the leasehold estates created thereby with the fee estate in the Property as long as any of the

indebtedness secured hereby shall remain unpaid, unless Beneficiary shall consent in writing to such merger.

4. Obligations Secured. This Deed of Trust is given for the purpose of securing (collectively, the "Secured Obligations");

4.1 Performance and Payment. The performance of the obligations and payment of all amounts contained herein and in that certain Construction Loan Agreement which has been executed and delivered by Grantor concurrently herewith (the "Loan Agreement"), which provides for the construction financing of a one-story, warehouse/light manufacturing industrial building comprised of approximately 7,300 SF of gross building area / net rentable area. (together with those improvements described in Section 1.2 above, the "Improvements") as more particularly described in the Loan Agreement, and any extensions, modifications, supplements and consolidations thereof, and the payment of \$5,000,000.00, with interest thereon, according to the terms of a Promissory Note of even date herewith made by Grantor, payable to Beneficiary or order, and any and all extensions, renewals, modifications, or replacements thereof, whether the same be in greater or lesser amounts (the "Note"); and

4.2 Future Advances. The repayment of any and all sums disbursed or advanced or expenditures made by Beneficiary subsequent to the execution of this Deed of Trust (i) for the maintenance or preservation of the Property (including, without limitation, payment of taxes, special assessments, utilities, and insurance on the Property), (ii) pursuant to any provision of this Deed of Trust and/or the Loan Agreement (including, without limitation, for the enforcement of the Note, this Deed of Trust, and Loan Agreement and any remedies hereunder), in each case, together with interest thereon; and

4.3 Swap Obligations. The payment or repayment and/or performance of any and all debts, obligations and liabilities (whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, or joint or several) of Grantor to Beneficiary now or hereafter owing under any Swap Contract (as hereinafter defined) now or hereafter executed in connection with the loan evidenced by the Note. "Swap Contract" means any agreement pertaining to a Swap Transaction (as hereinafter defined), including, without limitation, any master agreement, related schedule, or written confirmation, as any or all of them may from time to time be modified, amended, extended, renewed, and restated. "Swap Transaction" means any interest rate swap transaction, forward rate transaction, or any combination of the foregoing transactions, or options to enter into any of the foregoing transactions, including, without limitation, any interest rate option, swap, cap, floor, or collar transaction or similar interest rate management transaction.

5. Unsecured Obligations. Notwithstanding anything to the contrary set forth herein or in any other document which has been executed in connection with the loan secured hereby, this Deed of Trust does not and shall not secure: (i) the obligations of any guarantors (each "Guarantor" and collectively, the "Guarantors"), under any guaranties executed in connection with the loan secured hereby (each a "Guaranty" and collectively, the "Guaranties"); (ii) the obligations of Grantor and Guarantors under those certain hazardous substances indemnity agreement executed in connection with the loan secured hereby (collectively, the "Environmental Indemnity Agreements"); and (iii) any provision of this Deed of Trust or any agreement secured by this Deed of Trust that would be considered the "substantial equivalent" of the obligations described in (i) or (ii) above for purposes of RCW Ch. 61.24. All of such obligations (and substantial equivalents thereof) shall constitute the separate, unsecured recourse obligations of Grantor and such other parties and shall not be deemed to be secured by this Deed of Trust.

6. Warranties and Covenants of Grantor. Grantor warrants, covenants, and agrees:

6.1 Warranties.

- (a) Grantor has full power and authority to grant the Property to Trustee.
- (b) Grantor has a good and marketable leasehold interest in and to the Property, subject only to those matters listed on Schedule B of that certain title insurance policy approved by, and issued to, Beneficiary in connection with this Deed of Trust and thereafter such other title exceptions as Beneficiary may elect, in its sole discretion, to approve in writing.
- (c) None of the Property is presently, or will during the term of this Deed of Trust be, used principally or at all for agricultural, timber, grazing, or farming purposes including producing crops, livestock or aquatic goods.
- (d) The Property is free from damage and no matter has come to Grantor's attention (including, but not limited to, knowledge of any construction defects or nonconforming work) that would materially impair the value of the Property as security.
- (e) The loan evidenced by the Note and secured by this Deed of Trust and the proceeds thereof is exclusively for commercial, industrial or business purposes and is not for personal, family or household purposes.

6.2 Preservation of Lien. Grantor will, at its sole cost and expense, preserve and protect the priority of this Deed of Trust as a first lien on the Property and all portions thereof, and will take all actions, and execute and deliver to Beneficiary all documents, that Beneficiary may require in order to perfect the liens and security interests granted in this Deed of Trust or in any other Loan Document. Grantor shall promptly discharge any lien, encumbrance, or other charge, whether superior or inferior to this Deed of Trust, which may be claimed against the Property; provided that Grantor shall have the right to contest the amount or validity in whole or in part of any lien, encumbrance or other charge against the Property by appropriate proceedings conducted in good faith and with due diligence, in which event Grantor, upon prior written notice to Beneficiary, may postpone or defer payment of such lien, encumbrance or other charge so long as (i) such proceedings shall operate to prevent the collection of the lien, encumbrance or other charge; (ii) neither the Property nor any part thereof will, by reason of such postponement or deferment, be in danger of being forfeited or lost; and (iii) Grantor, before the date such lien, encumbrance or other charge becomes delinquent, gives such reasonable security as may be requested by Beneficiary to ensure payment thereof and prevent any forfeiture or loss of the Property or any part thereof.

6.3 Repair and Maintenance of Property. Grantor will keep the Property or cause the Property to be kept in good condition and repair, which duty shall include but is not limited to continual cleaning, painting, landscaping, repairing and refurbishing of the Property; will complete and not remove or demolish, alter, or make additions to any building or other improvement which is part of the Property, or construct any new structure on the Property, without the express written consent of Beneficiary except as contemplated and permitted under this Agreement; will underpin and support when necessary any such building or other improvement and protect and preserve the same; will complete or restore promptly and in good and workmanlike manner any such building or other improvement which may be damaged or destroyed and pay when due all claims for labor performed and materials furnished therefor; will not commit, suffer or permit any act upon the Property in violation of law; and will do all other acts which from the character or use of the Property may be reasonably necessary for the continued operation of the Property in a safe and legal manner, the specific enumerations herein not excluding the general.

6.4 Insurance.

(a) Coverages Required. Grantor will keep or cause to be kept the following insurance coverages in effect with respect to the Property by an insurance company chosen by Grantor, subject to Beneficiary's approval of the insurance company, which approval will not be unreasonably withheld:

(i) Insurance against loss by fire, vandalism, malicious mischief and such other hazards as may now or hereafter be embraced by the standard "all risk" or "special form" policy of insurance, in an amount equal at all times to the current replacement value of all improvements then located on the Property. All such insurance coverage shall (1) contain a "replacement cost endorsement", without deduction for depreciation, (2) if Beneficiary deems it applicable, "law and ordinance" coverage and (3) if Beneficiary deems applicable, equipment breakdown coverage. All such insurance coverage and endorsements shall contain a deductible of not more than Ten Thousand Dollars (\$10,000) per occurrence.

(ii) Flood risk insurance in the maximum amount of insurance coverage available or the full replacement cost of all improvements on the Property, whichever is less, if the Property is now or hereafter designated as being located within a special flood hazard area under the Flood Disaster Protection Act of 1973, as previously or hereafter amended, and if flood insurance is available.

(iii) Loss of rental value insurance and/or business interruption insurance, as follows: If all or any portion of the Property is rented or leased, loss of rental value insurance in an amount equal to six (6) months' aggregate gross rents from the Property as is so occupied. If all or any portion of the Property is occupied by Grantor, business interruption insurance in an amount equal to six (6) months' net income from such portion of the Property as is so occupied. The amount(s) of such coverage(s) shall be subject to adjustment, from time to time at Beneficiary's request, to reflect changes in the rental and/or income levels during the term of the loan evidenced by the Note.

(iv) Commercial general public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Property (including coverage for elevators and escalators, if any, on the Property), with the coverage being in an amount of not less than Two Million Dollars (\$2,000,000) combined single-limit liability coverage per occurrence, or in such greater amount(s) as Beneficiary may reasonably require. All such insurance coverage shall contain a deductible of not more than Ten Thousand Dollars (\$10,000) per occurrence.

(v) Insurance (excluding, however, earthquake insurance, if permitted to be excluded in Beneficiary's sole discretion) against such similar or other hazards, casualties, liabilities and contingencies, in such forms and amounts, as Beneficiary may from time to time reasonably require.

(b) Policies. Each insurance policy will be in form and content reasonably acceptable to Beneficiary, and will be issued by a company reasonably acceptable to Beneficiary, which company shall, among other things, be (i) duly authorized to provide such insurance in the state in which the Property is located, and (ii) rated "A" or better with a size rating of "VII" or larger by A.M. Best Company in its most recent publication of ratings (provided, however, that if A.M. Best Company changes its designations, the basis for its ratings or ceases to provide ratings, Beneficiary shall be entitled to select replacement ratings in the exercise of its reasonable business judgment). Each hazard insurance policy will include a Form 438BFU or equivalent mortgagee endorsement in favor of and in form acceptable to Beneficiary, and which endorsement provides that the policy to which it relates will survive foreclosure of this Deed of Trust. Each liability insurance policy will name Beneficiary as an additional insured. An

"agreed amount endorsement" will be included in any policy containing a co-insurance clause, and Grantor agrees that any and all co-insurance clauses and "agreed amount endorsements" must be satisfactory to Beneficiary. If any required property insurance coverage is furnished as part of a "blanket policy," either the blanket policy will include an "agreed value endorsement" or "agreed amount endorsement," or Grantor will furnish to Beneficiary a copy of the insurer's "statement of value" for the Property. All required policies will provide for at least thirty (30) days' written notice to Beneficiary prior to the effective date of any cancellation or material amendment, which term shall include any reduction in the scope or limits of coverage. Grantor shall furnish to Beneficiary (x) the complete original of each required insurance policy, or (y) a certified copy thereof (including all declaration pages, policy forms and endorsements), which shall include an original signature of an authorized officer or agent of the insurer, or (z) an uncertified memorandum copy thereof (including all declaration pages, policy forms and endorsements), together with an original evidence of insurance or certificate of insurance setting forth the coverage, the limits of liability, the carrier, the policy number and the expiration date. As security for the indebtedness secured by this Deed of Trust, Grantor hereby assigns to Beneficiary all required insurance policies, together with all monies and proceeds thereof, rights thereto and all unearned premiums returnable upon cancellation (all such assigned items constituting part of the "Property" for purposes of this Deed of Trust).

(c) Payment; Renewals. Grantor shall promptly furnish to Beneficiary all renewal notices relating to insurance policies. Except as the same may otherwise be paid under Section 6.15 below, Grantor will pay all premiums on insurance policies directly to the carrier. At least thirty (30) days prior to the expiration date of each such policy, Grantor shall furnish to Beneficiary a renewal policy in a form acceptable to Beneficiary, together with evidence that the renewal premium has been paid.

(d) Insurance Proceeds.

(i) In the event of any loss, Grantor will give prompt written notice thereof to the insurance carrier and Beneficiary. Grantor hereby grants Beneficiary a power of attorney, which power of attorney is coupled with an interest and is irrevocable, to make proof of loss, to adjust and compromise any claim, to commence, appear in and prosecute, in Beneficiary's or Grantor's name, any action relating to any claim, and to collect and receive insurance proceeds; provided, however, that Beneficiary shall have no obligation to do so. If no Event of Default has occurred and is continuing, the immediately preceding sentence shall apply except that Beneficiary shall not be entitled to act as Grantor's attorney-in-fact and Grantor shall be entitled to participate jointly with Beneficiary in adjusting and compromising any claim, and appearing in any proceeding.

(ii) Beneficiary shall apply any insurance proceeds received hereunder first to the payment of the costs and expenses incurred in the collection of the proceeds and shall then apply the balance (the "Net Proceeds"), in its absolute discretion and without regard to the adequacy of its security, to:

(A) The payment of indebtedness secured hereby, whether then due and payable or not. Any such application of proceeds to principal on the Note shall be without the imposition of any prepayment fee otherwise payable under the Note, but shall not extend or postpone the due dates of the installment payments under the Note, or change the amounts thereof; or

(B) The reimbursement of Grantor, under Beneficiary's prescribed disbursement control procedures set forth in the Loan Agreement, for the cost of restoration or repair of the Property. No insurance proceeds at any time assigned to or held by Beneficiary shall be deemed to be held in trust, and Beneficiary may commingle such proceeds with its general assets and shall not be liable for the payment of any interest thereof. Beneficiary shall in no case be obligated to see to the

proper application of any amount paid over to Grantor. Beneficiary may, at its option, condition the reimbursement on Beneficiary's approval of the plans and specifications of the reconstruction, contractor's cost estimates, construction budgets and schedules, architects' certificates, waivers of liens, sworn statements of mechanics and materialmen, and such other evidence of costs, percentage completion of construction, application of payments, satisfaction of liens and such other terms and conditions as set forth in the Loan Agreement or as Beneficiary may otherwise reasonably require.

(iii) Notwithstanding the provisions of Section 6.4(d)(ii) above, Beneficiary agrees that the Net Proceeds from a loss described in this Section 6.4(d) will be made available under Section 6.4(d)(ii)(B) above to reimburse Grantor for the cost of restoration or repair of the Property, provided that each of the following conditions is satisfied:

(A) No Event of Default has occurred and is continuing at the time the proceeds are received;

(B) The Net Proceeds are less than the indebtedness then secured by this Deed of Trust;

(C) The proceeds are received more than one (1) year prior to the maturity date of the Note, including any acceleration of the maturity date by Beneficiary;

(D) Grantor gives Beneficiary written notice within thirty (30) days after the proceeds are received that it intends to restore or repair the Property and requests that the Net Proceeds be made available therefor, and Grantor thereafter promptly commences the restoration or repair and completes the same with reasonable diligence in accordance with plans and specifications approved by Beneficiary, which approval shall not be unreasonably withheld;

(E) The Net Proceeds are sufficient, in Beneficiary's sole judgment, to restore or repair the Property substantially to its condition prior to the damage or destruction or, if in Beneficiary's reasonable business judgment they are not, Grantor deposits with Beneficiary funds in an amount equal to the deficiency, which funds Beneficiary may, at its option, require be expended prior to use of the Net Proceeds; and

(F) Beneficiary receives evidence reasonably satisfactory to Beneficiary that the Property can lawfully be restored or repaired to its condition prior to the damage or destruction and that, upon completion of the restoration or repair, the Property can be operated substantially as it was before and will produce substantially as much income from tenant leases and all other sources as it did before the damage or destruction.

(iv) Except to the extent, if any, that insurance proceeds are applied to payment of the indebtedness secured hereby, nothing herein contained shall be deemed to excuse Grantor from restoring, repairing or maintaining the Property as provided in Section 6.3, regardless of whether there are insurance proceeds available or whether any such proceeds are sufficient in amount. Grantor shall be responsible for any uninsured losses and any deductibles.

6.5 Right of Inspection. Grantor shall permit Beneficiary or its agents or independent contractors (including, but not limited to, accountants, appraisers, property inspectors and environmental consultants), at all reasonable times, to enter upon and inspect, examine and audit the Property and the books and records for the Property.

6.6 Preservation of Licenses, Etc. Grantor shall observe and comply with all requirements necessary to the continued existence and validity of all rights, licenses, permits, privileges, franchises and concessions relating to any existing or presently contemplated use of the Property, including but not limited to any zoning variances, special exceptions and nonconforming use permits.

6.7 Further Assurances. Grantor will, at its expense, from time to time execute and deliver any and all such instruments of further assurance and other instruments and do any and all such acts, or cause the same to be done, as Trustee or Beneficiary deems necessary or advisable to grant to Trustee the Property or to carry out more effectively the purposes of this Deed of Trust.

6.8 Legal Actions. Grantor will appear in and defend any action or proceeding before any court or administrative body purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and will pay all costs and expenses (the repayment thereof shall be secured hereby), including, without limitation, cost of evidence of title and any attorneys' fees incurred by Beneficiary and Trustee, in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary or Trustee to foreclose this Deed of Trust.

6.9 Taxes, Assessments and Other Liens. Grantor will pay not later than when due all taxes, assessments, encumbrances, charges, and liens with interest, on the Property or any part thereof, which at any time appear to be or are alleged to be prior and superior hereto, including but not limited to any tax on or measured by rents of the Property, the Note, this Deed of Trust, or any obligation or part thereof secured hereby. Grantor acknowledges that Beneficiary may retain a tax registration service in order to monitor the payment of all real estate taxes and assessments and Grantor shall pay a one-time fee to Beneficiary for the cost of such service.

6.10 Trust Expenses. Grantor will pay all costs, fees and expenses incurred by Beneficiary in connection with this Deed of Trust including all such costs, fees and expenses incident to any default hereunder, including attorneys' fees (and the repayment thereof shall be secured hereby).

6.11 Repayment of Expenditures. Grantor will pay immediately and without demand all sums expended hereunder by Beneficiary or Trustee with interest from date of expenditure at the Default Rate of interest specified in the Note (the repayment thereof shall be secured hereby).

6.12 Sale, Transfer, or Encumbrance. Grantor will not, without the prior written consent of Beneficiary, which consent may be given or denied in Beneficiary's sole discretion, sell, transfer or otherwise convey the Property or any interest therein, further encumber the Property or any interest therein, cause or permit any change in the entity, ownership or control of Grantor (each, a "*Sale or Encumbrance*") or agree to do any Sale or Encumbrance without first repaying in full the Note and all other sums secured hereby. In connection with any Sale or Encumbrance to which Beneficiary is asked to consent, Grantor agrees to pay to Beneficiary, all costs and expenses incurred by Beneficiary in reviewing and evaluating such matter, whether or not such consent is granted, including, without limitation: (i) a non-refundable fee of \$1,500, which amount shall be paid by Grantor to Beneficiary upon delivery of Grantor's request for Beneficiary's consent and (ii) Beneficiary's reasonable in-house and outside counsel attorneys' fees incurred in reviewing and evaluating such matter. In addition to any other conditions required by Beneficiary to granting its consent to a Sale or Encumbrance, Beneficiary shall require any person or entity that will, after such Sale or Encumbrance, directly or indirectly hold twenty percent (20%) or more of the ownership interests in Grantor to, jointly and severally, unconditionally guarantee the full repayment of the loan secured by this Deed of Trust and provide an environmental indemnity, each in form and substance acceptable to Beneficiary (Beneficiary shall be reimbursed upon demand for its reasonable in-house and outside counsel attorneys' fees incurred in preparing any such guarantees and environmental indemnities).

Consent to any one such occurrence shall not be deemed a waiver of the right to require consent to any future occurrences. If any Sale or Encumbrance occurs without the prior written consent of Beneficiary, or Grantor agrees to any Sale or Encumbrance without the prior written consent of Beneficiary, the Note shall, at the option of the Beneficiary, be immediately due and payable, and an Event of Default shall be deemed to have occurred under this Deed of Trust and the Note.

6.13 Additional Information. Grantor agrees to furnish such information and confirmations as may be required from time to time by Beneficiary (including in connection with any potential loan participations or assignments). Grantor agrees to make adjustments in this Deed of Trust, the Note, and the other documents evidencing or securing the loan secured hereby to accommodate any loan participant's requirements, provided that such requirements do not substantially vary the economic terms of the loan secured hereby.

6.14 Grantor Existence. As Beneficiary is making this loan in reliance on Grantor's continued existence, ownership and control in its existing limited liability company form, Grantor will not alter said limited liability company structure nor, except as expressly permitted under Section 6.11 above, the existing ownership or control of Grantor, in each case, without the prior written consent of Beneficiary, and will do all things necessary to preserve and maintain said limited liability company existence and to insure its continuous right to carry on its business, including but not limited to, filing within the prescribed time all tax returns and reports, and paying when due all such taxes.

6.15 Tax and Insurance Reserves. In addition to the payments required by the Note, Grantor agrees to pay Beneficiary, on the same date as payments of principal and/or interest are due under the Note or otherwise at Beneficiary's request, such sums as Beneficiary may from time to time estimate will be required to pay, at least thirty (30) days before due, the next due taxes, assessments, insurance premiums, and similar charges affecting the Property, less all sums already paid therefor divided by the number of months to elapse before one month prior to the date when such taxes, assessments and premiums will become delinquent, such sums to be held by Beneficiary without interest or other income to Grantor to pay such taxes, assessments and premiums. Should this estimate as to taxes, assessments and premiums prove insufficient, Grantor upon demand agrees to pay Beneficiary such additional sums as may be required to pay them before delinquent. If the total of the foregoing payments in any one year shall exceed the amounts actually paid by Beneficiary for taxes, assessments and premiums, such excess may be credited by Beneficiary on subsequent payments under this section. If there shall be an Event of Default hereunder for which Beneficiary elects to realize upon this Deed of Trust, then at the time of the Trustee's sale or final decree of foreclosure, Beneficiary shall apply any balance of funds it may hold pursuant to this Section 6.15 first to interest on and then to the principal of the Note. If Beneficiary acquires the Property in lieu of realizing on this Deed of Trust, the balance of funds it holds shall become the property of Beneficiary. Any transfer in fee of all or a part of the Property shall automatically transfer to the grantee all or a proportionate part of Grantor's rights and interest in the fund accumulated hereunder.

6.16 Management. The Property shall at all times be managed by Grantor or a third-party manager experienced with properties similar to the Property and acceptable to Beneficiary in its sole discretion.

6.17 Hazardous Substances.

(a) For purposes of this Deed of Trust, "*Hazardous Substance*" means any hazardous or toxic substances, materials or wastes, including, but not limited to, those substances, materials, and wastes listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302)

and amendments thereto, or such substances, materials and wastes which are or become regulated under any applicable local, state or federal law including, without limitation, any material, waste or substance which is (i) petroleum, (ii) asbestos, (iii) mold, (iv) poly-chlorinated biphenyls, (v) defined as a "hazardous waste", "extremely hazardous waste", "restricted hazardous waste" or "hazardous substance" under RCW Chapter 70.105 (Hazardous Waste Management), RCW Chapter 70.105D (Hazardous Waste Cleanup-Model Toxics Control Act) or any other similar terms under any other applicable state laws, (vi) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. §1251 et seq. (33 U.S.C. §1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. §1317), (vii) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6903, or (viii) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601, et seq. (42 U.S.C. §9601), all as amended, replaced or succeeded, and any other substance or matter defined as a toxic or hazardous substance or material or pollutant or contaminant under any other federal, or applicable state or local laws, ordinances or regulations or under any reported decision of a state or federal court having jurisdiction, or any substance or matter imposing liability for clean-up costs or expenses on any person or entity under any statutory or common law theory.

(b) Grantor represents and warrants to Beneficiary that: (i) no asbestos has ever been used in the construction, repair or maintenance of any building, structure or improvement now or heretofore located on the Property; (ii) no Hazardous Substance is currently being generated, manufactured, refined, transported, treated, stored, handled or disposed of, transferred, produced or processed on, under or about the Property, except in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws; (iii) neither Grantor nor, to the best of Grantor's knowledge, any other person or entity has ever caused or permitted any Hazardous Substance to be generated, manufactured, refined, transported, treated, stored, handled or disposed of, transferred, produced or processed on, under or about the Property, except in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws; (iv) Grantor has not received any notice of, nor is Grantor aware of, any actual or alleged violation with respect to the Property of any federal, state or local statute, ordinance, rule, regulation or other law pertaining to Hazardous Substances; and (v) neither Grantor nor the Property is subject to any governmental or judicial claim, order, judgment or lien with respect to the clean-up of Hazardous Substances at or with respect to the Property. Grantor further represents and warrants to Beneficiary that the foregoing representations and warranties contained in this Section 6.17 are made after and are based upon inspection of the Property by Grantor and due inquiry by Grantor as to the prior uses of the Property.

(c) Grantor will not cause or permit the Property to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process any Hazardous Substance, except in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws, nor shall Grantor cause or permit, as a result of any intentional or unintentional act or omission on the part of Grantor or any tenant, subtenant or other user or occupier of the Property, a releasing, spilling, leaking, pumping, pouring, emitting, emptying or dumping of any Hazardous Substance onto the Property or any other property or into any waters, except in compliance with all such laws.

(d) Grantor will immediately notify Beneficiary if Grantor becomes aware of (i) any Hazardous Substance problem or liability with respect to the Property, (ii) any actual or alleged violation with respect to the Property of any federal, state or local statute, ordinance, rule, regulation or other law pertaining to Hazardous Substances, or (iii) any lien or action with respect to any of the foregoing. Grantor will, at its sole expense, take all actions as may be necessary or advisable for the clean-up of Hazardous Substances on or with respect to the Property, including, without limitation, all removal, containment and remedial actions in accordance with all applicable laws and in all events in a manner

satisfactory to Beneficiary, and shall further pay or cause to be paid all clean-up, administrative and enforcement costs of governmental agencies with respect to Hazardous Substances on or with respect to the Property if obligated to do so by contract or by law.

(e) For the purposes of inspecting the Property to ascertain the accuracy of all representations and warranties in this Deed of Trust relating to Hazardous Substances, and the observance of all covenants contained in this Section 6.17, (i) Beneficiary is hereby authorized to enter and inspect the Property, including the interior of any structures, at reasonable times and after reasonable notice; and (ii) if and at any time Hazardous Substances are being handled on the Property, Grantor shall furnish Beneficiary with such information and documents as may be reasonably requested by Beneficiary to confirm that such Hazardous Substances are being handled in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws. Grantor shall reimburse Beneficiary upon demand for all costs and expenses, including, without limitation, attorneys' fees, incurred by Beneficiary in connection with any such entry and inspection and the obtaining of such information and documents.

(f) All of the representations, warranties, covenants, rights, and remedies in this Section 6.17 shall be in addition to and not limit any representations, warranties, covenants, rights, and/or remedies in the Environmental Indemnity Agreements.

(g) Notwithstanding anything to the contrary set forth herein or in any other document which has been executed in connection with the loan secured hereby, (i) this Deed of Trust does not secure the obligations and liabilities of Grantor under this Section 6.17 and (ii) the representations, warranties, covenants, rights, and remedies in this Section 6.17 shall survive the repayment of the Note and satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Beneficiary's acquisition of any interest in the Property, whether by foreclosure or otherwise.

6.18 Financial Statements; Books and Records. Grantor shall keep accurate books and records of account of the Property and its own financial affairs sufficient to permit the preparation of financial statements therefrom in accordance with generally accepted accounting principles (GAAP). Beneficiary and its duly authorized representatives and independent contractors shall have the right to examine copy and audit Grantor's records and books of account at all reasonable times. So long as this Deed of Trust continues in effect, Grantor shall provide to Beneficiary, in addition to any other financial statements required hereunder or under the Loan Agreement, all financial statements and other information regarding the Property.

6.19 Leasehold Covenants. The provisions contained in this Section 6.19 shall apply so long as Grantor maintains an interest as tenant under the Ground Lease and/or becomes a tenant under the Ground Lease.

(a) Grantor shall maintain at all times while the Secured Obligations shall be outstanding, an estate in all of the Leasehold Property, which shall be a leasehold estate.

(b) Grantor shall at all times fully perform and comply with all covenants, warranties, representations, and other obligations imposed upon or assumed by it under the Ground Lease, and under all covenants, conditions and restrictions related to the Leasehold Property. Grantor shall deliver to Beneficiary, immediately upon receipt, all notices of default served upon or delivered to Grantor by the landlord under the Ground Lease.

(c) On receipt by Beneficiary of any notice of Grantor's default under the Ground Lease or a default under the Ground Lease, Beneficiary may rely thereon and take such action as

Beneficiary deems necessary and desirable to cure such default, even though the existence of such default or the nature thereof is denied or disputed by Grantor or any other person, provided that Beneficiary provides Grantor advance written notice of any such action, and Beneficiary shall have the absolute and immediate right to enter upon the Leasehold Property to such extent and as often as Beneficiary, in its sole discretion, deems necessary or desirable to prevent or cure any default by Grantor under the Ground Lease.

(d) Grantor hereby irrevocably appoints Beneficiary as Grantor's agent and its true and lawful attorney-in-fact in its name or otherwise to execute all documents, and perform all other acts, that Beneficiary reasonably deems necessary to preserve its or Grantor's rights with respect to the Leasehold Property following an Event of Default hereunder that remains uncured beyond the cure period provided therefore (if any).

(e) Grantor agrees to defend the leasehold estate created under the Ground Lease for the entire remainder of the term set forth therein, inclusive of any extensions, against all and every person or persons lawfully claiming or who may claim the same or any part thereof, subject only to the payment of rents in the Ground Lease reserved and to the performance and observance of all of the terms, covenants, conditions, and warranties thereof.

(f) All expenses incurred and advances made by Beneficiary in connection with curing or preventing any default by Grantor under the Ground Lease and/or a default under the Ground Lease shall be treated as advances by Beneficiary to protect the Leasehold Property.

(g) Grantor shall not, without Beneficiary's prior written consent, which shall not be unreasonably withheld, conditioned, or delayed (i) surrender, terminate, or cancel the Ground Lease; (ii) modify, change, supplement, alter, or amend the Ground Lease, whether orally or in writing; or (iii) waive or in any way release the landlord under the Ground Lease of any obligation or condition.

(h) Grantor shall notify Beneficiary promptly in writing (i) if Grantor is in default in the performance or observance of any of the terms, covenants, or conditions that Grantor or other party is to perform or observe under the Ground Lease; (ii) if any event occurs that, with the passage of time or knowledge of the landlord, would constitute a default under the Lease; (iii) if any notice of default is given to Grantor by the landlord under the Ground Lease; (iv) if, pursuant to the Ground Lease, any proceeds received for the Leasehold Property are deposited with someone other than Beneficiary, whether received from any insurance on the Leasehold Property or from the taking of any or all of the Leasehold Property by eminent domain; and (v) if any arbitration or appraisal proceedings are requested or instituted pursuant to the Lease. Grantor agrees to provide Beneficiary promptly with a copy of all written materials relating to any of the foregoing matters and to provide Beneficiary with such other information as Beneficiary may reasonably request.

(i) Unless and until Beneficiary specifically consents in writing, so long as any Secured Obligations remain outstanding, neither the fee title to, nor any other estate or interest in, the Leasehold Property subject to the Ground Lease shall merge with the leasehold; rather, these estates will remain separate and distinct, even if there is a union of these estates in the landlord, Grantor, or a third party who purchases or otherwise acquires the estates. Grantor further agrees that if Grantor acquires all or a portion of the fee simple title, or any other leasehold or subleasehold title to the Leasehold Property, that after-acquired title shall immediately and automatically become subject to the terms of this Deed of Trust. Without Beneficiary's written consent, there shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Leasehold Property at any time held by or for the benefit of Beneficiary in any capacity.

(j) Except as may be required under the terms of the Ground Lease, and other than to this Deed of Trust and the lien of this Deed of Trust, Grantor shall not subordinate the Ground Lease or the leasehold subject thereto to any deed of trust or other encumbrance of, or lien on, any interest in the Leasehold Property subject to such leasehold without the prior written consent of Beneficiary. Any such subordination without such consent shall, at Beneficiary's option, be void.

(k) If and when any such option may exist, Grantor shall exercise any such option or right to renew or extend the term of the Ground Lease within the time limits provided by the Ground Lease, shall give immediate written notice thereof to Beneficiary, and shall execute, deliver, and record any documents requested by Beneficiary to evidence the lien of this Deed of Trust on such extended or renewed Ground Lease term. If Grantor fails to exercise any such option or right at least 90 days before the deadline for the exercise of that option or right, Beneficiary may exercise the option or right as Grantor's agent and attorney-in-fact pursuant to this Deed of Trust, or in Beneficiary's own name or in the name of and on behalf of a nominee of Beneficiary, as Beneficiary chooses in its absolute discretion.

(l) Grantor hereby assigns to Beneficiary a security interest in all security deposits and all other security that the landlord under the Ground Lease holds for the performance of Grantor's obligations thereunder.

(m) Promptly upon demand by Beneficiary, Grantor shall use reasonable efforts to obtain from the landlord under the Ground Lease and furnish to Beneficiary an estoppel certificate of such landlord stating the date through which rent has been paid, whether or not there are any defaults, and the specific nature of any claimed defaults.

(n) Grantor shall notify Beneficiary promptly in writing of any request by either party to the Ground Lease for arbitration, appraisal or other proceedings relating to the Ground Lease and the institution of any such proceeding, and shall promptly deliver to Beneficiary a copy of all determinations in any such proceeding. Beneficiary shall have the right, following written notice to Grantor, to participate in any such proceeding in association with Grantor or on its own behalf as an interested party. Grantor shall notify Beneficiary promptly in writing of the institution of any legal proceeding involving obligations under the Ground Lease, and Beneficiary may intervene in any such legal proceeding and be made a party. Grantor shall promptly provide Beneficiary with a copy of any decision rendered in connection with any such proceeding.

(o) To the extent permitted by law, the price payable by Grantor or any other party in the exercise of the right of redemption, if any, from any sale under, or decree of foreclosure of, this Deed of Trust shall include all rents and other amounts paid and other sums advanced by Beneficiary on behalf of Grantor as the tenant under the Ground Lease.

(p) As used in this Section 6.19, the term "Bankruptcy Code" shall mean 11 U.S.C. §§ 101 et seq., as modified and/or re-codified from time to time. Notwithstanding anything to the contrary contained herein, with respect to the Ground Lease:

(i) The lien of this Deed of Trust attaches to all of Grantor's rights under Subsection 365(h) of the Bankruptcy Code, including, without limitation, Grantor's rights to remain in possession of the Leasehold Property.

(ii) Grantor shall not, without Beneficiary's written consent, elect to treat the Ground Lease as terminated under Subsection 365(h)(1) of the Bankruptcy Code. Any such election without such consent shall, at Beneficiary's option, be void.

(iii) As security for the obligations secured hereby, Grantor hereby irrevocably assigns to Beneficiary all of Grantor's rights to damages arising from any rejection by the landlord of the Ground Lease under the Bankruptcy Code. Beneficiary and Grantor shall proceed jointly or in the name of Grantor in respect of any claim or proceeding relating to the rejection of the Ground Lease, including, without limitation, the right to file and prosecute any proofs of claim, complaints, motions, and other documents in any case in respect of such landlord under the Bankruptcy Code. This assignment shall continue in effect until all of the obligations secured hereby have been satisfied in full. Any amounts received by Beneficiary or Grantor as damages arising from the rejection of the Ground Lease as aforesaid shall be applied first to all costs reasonably incurred by Beneficiary (including attorneys' fees) in connection with this subparagraph (iii) and then in accordance with other applicable provisions of this Deed of Trust.

(iv) If, pursuant to the Bankruptcy Code, Grantor seeks to offset against the rent reserved in the Ground Lease the amount of any damages caused by the nonperformance of the landlord's obligations under the Ground Lease, Grantor shall, prior to effecting such offset, notify Beneficiary in writing of its intent to do so, setting forth the amounts proposed to be offset and, in the event that Beneficiary objects, Grantor shall not effect any offset of the amounts to which Beneficiary objects. If Beneficiary fails to object within 10 days following receipt of such notice, Grantor may offset the amounts set forth in Grantor's notice.

(v) If any legal proceeding is commenced with respect to the Ground Lease in connection with any case under the Bankruptcy Code, Beneficiary and Grantor shall cooperatively conduct any such proceeding with counsel reasonably agreed upon between Grantor and Beneficiary in connection therewith. Grantor shall, upon demand, pay to Beneficiary all costs (including attorneys' fees) reasonably incurred by Beneficiary in connection with any such proceeding.

(vi) Grantor shall immediately notify Beneficiary orally upon learning of any filing by or against the landlord of the Ground Lease of a petition under the Bankruptcy Code. Grantor shall thereafter promptly give written notice of such filing to Beneficiary, setting forth any information available to Grantor with respect to the date of such filing, the court in which such petition was filed, and the relief sought therein. Grantor shall promptly deliver to Beneficiary all notices, pleadings and other documents received by Grantor in connection with any such proceeding.

7. Default.

7.1 Definition. Any of the following shall constitute an "*Event of Default*" under this Deed of Trust, the Note and the other Loan Documents (as defined below):

- (a) An occurrence of any "Event of Default" (as defined in the Note);
- (b) Any representation or warranty made by or for the benefit of Grantor herein or elsewhere in connection with the loan secured hereby, including, but not limited to, any representations in connection with the security therefor, shall prove to have been incorrect or misleading in any material respect;
- (c) Grantor or any other person or entity liable therefor shall fail to pay when due any indebtedness secured hereby;
- (d) Grantor or any other signatory thereto shall default in the performance of any other covenant or agreement contained in this Deed of Trust, the Note, the Loan Agreement, or any other agreement securing or evidencing the indebtedness secured hereby;

(e) Grantor or any other person or entity liable for the repayment of the indebtedness secured hereby shall become unable or admit in writing its inability to pay its debts as they mature, or file, or have filed against it, a voluntary or involuntary petition in bankruptcy, or make a general assignment for the benefit of creditors, or be adjudicated bankrupt or insolvent;

(f) A tax, charge or lien shall be placed upon or measured by the Note, this Deed of Trust, or any obligation secured hereby which Grantor does not or may not legally pay in addition to the payment of all principal and interest as provided in the Note; or

There shall occur a default under any of the Environmental Indemnity Agreements.

7.2 Beneficiary's and Trustee's Right to Perform. Upon the occurrence of any Event of Default, Beneficiary or Trustee, but without the obligation so to do and without notice to or demand upon Grantor and without releasing Grantor from any obligations hereunder, may: make any payments or do any acts required of Grantor hereunder in such manner and to such extent as either may deem necessary to protect the security hereof (including, without limitation, obtaining insurance and/or paying any premiums or charges for insurance required to be carried under this Deed of Trust), Beneficiary or Trustee being authorized to enter upon the Property for such purposes; commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien in accordance with the following paragraph; and in exercising any such powers, pay necessary expenses, employ counsel and pay a reasonable fee therefor. All sums so expended shall be payable on demand by Grantor, and be secured hereby (except that advances made under this Section 7.2 to cure any default under the Environmental Indemnity Agreements or any guaranties of the loan shall not be secured by this Deed of Trust), and bear interest at the Default Rate specified in the Note from the date advanced or expended until repaid. For clarification, if Beneficiary makes any advances pursuant to this Section 7.2 to cure any default under the Environmental Indemnity Agreements or any guaranties of the loan evidenced by the Note, any such advances are made on an unsecured basis under the Environmental Indemnity Agreements or guaranties of the loan evidenced by the Note.

Beneficiary or Trustee in making any payment herein and hereby authorized, in the place and stead of Grantor, in the case of a payment of taxes, assessments, water rates, sewer rentals and other governmental or municipal charges, fines, impositions or liens asserted against the Property, may make such payment in reliance on any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of the bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; in the case of any apparent or threatened adverse claim of title, lien, statement of lien, encumbrance, deed of trust, claim or charge Beneficiary or Trustee, as the case may be, shall be the sole judge of the legality or validity of same; and in the case of a payment for any other purpose herein and hereby authorized, but not enumerated in this paragraph, such payment may be made whenever, in the sole judgment and discretion of Trustee or Beneficiary, as the case may be, such advance or advances shall seem necessary or desirable to protect the full security intended to be created by this instrument; provided further, that in connection with any such advance, Beneficiary at its option may and is hereby authorized to obtain a continuation report of title and/or an appropriate title endorsement prepared by a title insurance company, the cost and expenses of which shall be repayable by Grantor without demand and shall be secured hereby.

Without restricting the generality of the foregoing and for the purposes aforesaid in this Section 7.2, Grantor hereby appoints and constitutes Beneficiary as Grantor's true and lawful attorney-in-fact with full power of substitution to perform, without notice to Grantor, any and all of the foregoing acts in this Section 7.2 on Grantor's behalf, if and at the times when Beneficiary in its sole discretion may so choose; it being

understood and agreed that this power of attorney shall be a power coupled with an interest and cannot be revoked and will not be affected by any disability of Grantor.

The above notwithstanding, Beneficiary may not make advances secured by this Deed of Trust to cure defaults under the Environmental Indemnity Agreements or any guaranties executed in connection with the loan secured hereby.

7.3 Remedies on Default. Upon the occurrence of any Event of Default all sums secured hereby shall become immediately due and payable, without notice or demand, at the option of Beneficiary and Beneficiary may:

- (a) Have a receiver appointed as a matter of right, without regard to the sufficiency of the Property or any other security for the indebtedness secured hereby;
- (b) Foreclose this Deed of Trust as a mortgage or otherwise realize upon the Property;
- (c) Cause Trustee to exercise the power of sale granted to Trustee under this Deed of Trust;
- (d) Sue on the Note according to law;
- (e) To the extent permitted by applicable law, seek and obtain a deficiency judgment following the completion of a judicial foreclosure or a trustee's sale of all or a portion of the security for the obligations secured by this Deed of Trust; and/or
- (f) Exercise any other remedy permitted by this Deed of Trust, the Note, the Loan Agreement, other Loan Documents, and/or applicable law.

7.4 No Waiver. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare an Event of Default for failure to do so.

8. Condemnation. Grantor will promptly notify Beneficiary of any action or proceeding relating to any condemnation, eminent domain or other taking (including, without limitation, any change in the grade of the Property), whether direct or indirect, of the Property or part thereof or interest therein, and Grantor shall appear in and prosecute any such action or proceeding unless otherwise directed by Beneficiary in writing. Grantor grants Beneficiary a power of attorney, which power of attorney is coupled with an interest and is irrevocable, to commence, appear in and prosecute, in Beneficiary's or Grantor's name, any action or proceeding relating to any such condemnation or other taking, and to settle or compromise any claim in connection with such condemnation or other taking; provided however, that Beneficiary shall have no obligation to do so. All awards, payments, damages, direct, consequential and otherwise, claims, and proceeds thereof, in connection with any past or future condemnation or other taking, or for conveyances in lieu of condemnation, are hereby assigned to Beneficiary (all such assigned items constituting part of the "Property" for purposes of this Deed of Trust), and all proceeds of any such awards, payments, damages or claims shall be paid to Beneficiary. Beneficiary shall apply any such proceeds in the manner and upon the terms and conditions set forth in Section 6.4(d)(ii) relating to the application of insurance proceeds without regard to the provisions of Section 6.4(d)(iii). No condemnation award at any time assigned to or held by Beneficiary shall be deemed to be held in trust, and Beneficiary may commingle such award with its general assets and shall not be liable for the payment of any interest thereon.

9. Trustee.

9.1 General Powers and Duties of Trustee. At any time or from time to time, without liability therefor and without notice and without affecting the liability of any person for the payment of the indebtedness secured hereby, upon written request of Beneficiary, payment of its own fees and presentation of this Deed of Trust and the Note for endorsement (in case of full reconveyance, for cancellation or retention), Trustee may:

- (a) Consent to the making of any map or plat of the Property;
- (b) Join in granting any easement or creating any restriction thereon;
- (c) Join in any subordination or other agreement affecting this Deed of Trust or the lien or charge thereof; or
- (d) Reconvey, without warranty, all or any part of the Property.

9.2 Reconveyance. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in any reconveyance executed under this Deed of Trust of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto." In the event Trustee shall properly reconvey the Property under this Section 9.2, the assignment of Leases and Rents hereunder shall be void and of no effect.

9.3 Powers and Duties on Default. Upon written request therefor by Beneficiary specifying the nature of the default, or the nature of the several defaults, and the amount or amounts due and owing, Trustee shall execute a written notice of breach and of its election to cause the Property to be sold to satisfy the obligation secured hereby, and shall cause such notice to be recorded and otherwise given according to law.

Notice of sale having been given as then required by law and not less than the time then required by law having elapsed after recordation of such notice of sale, Trustee, without demand on Grantor, shall sell the Property at the time and place of sale specified in the notice, all as provided by applicable law, either as a whole or in separate parcels and in such order as it may determine, at public auction to the highest and best bidder for cash in lawful money of the United States, payable at time of sale. Grantor agrees that such a sale (or a sheriff's sale pursuant to judicial foreclosure) of all the Property as real estate constitutes a commercially reasonable disposition thereof, but that with respect to all or any part of the Property which may be personal property, Trustee shall have and exercise, at Beneficiary's sole election, all the rights and remedies of a secured party under the UCC. Whenever notice is permitted or required hereunder or under the UCC, ten (10) days advanced notice of any sale shall be deemed reasonable notice. Trustee may postpone sale of all or any portion of the Property, and from time to time thereafter may postpone such sale, as provided by applicable law. Trustee shall deliver to the purchaser its deed and bill of sale conveying the Property so sold, but without any covenant or warranty, express or implied. The recital in such deed and bill of sale (if applicable) of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person or entity other than Trustee, including Grantor or Beneficiary, may purchase at such sale, except if prohibited by applicable law.

After deducting all costs, fees and expenses of Trustee and of this trust, including the cost of evidence of title search and reasonable counsel fees in connection with the sale, Trustee shall apply the proceeds of sale to payment of: all sums expended by Beneficiary and/or Trustee under the terms hereof not then repaid,

with accrued interest at the Default Rate specified in the Note; all other sums then secured hereby; and the remainder, if any, in the manner provided by applicable law.

9.4 Reassignment of Security Interest. At the request of Beneficiary, to the extent required by applicable law, Trustee shall reassign to Beneficiary the security interest created hereby and after such reassignment Beneficiary shall have the right, upon the occurrence or continuance of any Event of Default, to realize upon the personal property subject to this Deed of Trust, independent of any action of Trustee, pursuant to the UCC. In that regard, Beneficiary shall have the right to collect all accounts and accounts receivable that are encumbered by this Deed of Trust directly from the obligors at any time after the occurrence of an Event of Default hereunder.

9.5 Acceptance of Trust. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto except Beneficiary of pending sale under any other deed of trust or of any action or proceeding in which Grantor, Beneficiary or Trustee shall be a party unless brought by Trustee.

9.6 Reliance. Trustee, upon presentation to it of an affidavit signed by Beneficiary setting forth facts showing a default by Grantor under this Deed of Trust, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

9.7 Replacement of Trustee. Beneficiary may, from time to time, as provided by statute, appoint another trustee in place and stead of Trustee herein named, and thereupon Trustee herein named shall be discharged and the trustee so appointed shall be substituted as Trustee hereunder, with the same effect as if originally named Trustee herein.

9.8 No Impairment of Right to Pursue Unsecured Obligations. The foreclosure of this Deed of Trust or sale by Trustee of the Property through the exercise of its power of sale granted hereunder shall not preclude or impair any action to collect or enforce any obligation of Grantor or any guarantor or other party liable for any of the obligations secured by this Deed of Trust, or the substantial equivalent of such obligation, which obligation is not secured by this Deed of Trust including, without limitation, the obligations of the parties under the Environmental Indemnity Agreements and the obligations of each such guarantor under its guaranty. All of such obligations (and all substantial equivalents of such obligations) shall constitute separate recourse obligations of Grantor and each such guarantor or other party and shall not be deemed to be evidenced by the Note or secured by this Deed of Trust.

10. Notices.

10.1 Trustee. Any notice, demand, request, or other communication to Trustee shall be sent to the following address:

LAND TITLE AND ESCROW COMPANY
111 East George Hopper Road
Burlington, Washington 98233

10.2 Grantor and Beneficiary. Any notice, demand, request, or other communication to Grantor (including any notice of default or notice of sale) or Beneficiary shall be sent in writing to the following address:

If to Grantor: FORTRESS WEST, LLC
6500 Harbour Heights Parkway, Suite 202,
Mukilteo, Washington 98275

If to Beneficiary: FIRST-CITIZENS BANK & TRUST COMPANY
300 110th Avenue NE, Suite 103
Bellevue, Washington 98004

or to such other address as may be filed in writing by Grantor or Beneficiary with Trustee and the other party in accordance with this Section 10.2.

10.3 Method of Giving Notice. Any notice, demand, request or other communication which any party hereto may be required or may desire to give hereunder shall be in writing addressed as set forth above and shall be deemed to have been properly given (a) if hand delivered, when delivered or rejected by the intended recipient; (b) if mailed by United States Certified Mail (postage prepaid, return receipt requested), when delivered or rejected by the intended recipient; or (c) if by Federal Express or other reliable overnight courier service, when delivered or rejected by the intended recipient.

10.4 Waiver of Notice. The giving of notice may be waived in writing by the person or persons entitled to receive such notice, either before or after the time established for the giving of such notice.

11. Additional Security. If Beneficiary at any time holds additional security for any of the Secured Obligations, all such security shall be taken, considered, and held as cumulative, and Beneficiary may enforce the sale thereof or otherwise realize upon the same, at its option, either before or concurrently with the exercise of any of its rights or remedies hereunder or after a sale is made hereunder. The taking of additional security, the execution of partial releases of the security, or any extension of the time of payment of the Secured Obligations shall not diminish the force, effect, or lien of this Deed of Trust and shall not affect or impair the liability of any maker, surety, or endorser for the payment of any such indebtedness.

12. Imposition of Tax. For purposes of this Section, "Tax" shall mean: (a) a specific tax on deeds of trust or on all or any part of the indebtedness secured by a deed of trust, or (b) a specific tax on the owner of the property covered by a deed of trust which the taxpayer is authorized or required to deduct from payments on the deed of trust, or (c) a tax on property covered by a deed of trust chargeable against a beneficiary or trustee under the deed of trust or the holder of the note secured by the deed of trust, or (d) a specific tax (other than an income tax or a gross receipts tax) on all or any portion of the obligations secured hereby or on payments of principal and interest made by a grantor under a deed of trust. If any Tax is enacted subsequent to the date of this Deed of Trust, enactment of the Tax shall constitute an Event of Default, and Beneficiary may exercise any or all of the remedies available to it upon the occurrence of any Event of Default, unless the following conditions are met (i) Grantor may lawfully pay the Tax without causing any resulting economic disadvantage or increase of tax to Beneficiary or Trustee, and (ii) Grantor pays the Tax (including any tax on the payment made) within thirty (30) days after notice from Beneficiary that the tax law has been enacted

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

14. Modifications. Upon written request of any party then liable for any sum secured hereby, Beneficiary reserves the right to extend the term, or otherwise modify the terms, hereof or of the Note as Beneficiary and such person may from time to time deem appropriate and any such change shall not operate to release, in any manner, the liability of the original Grantor or Grantor's successors in interest.

15. Successors and Assigns. The terms, covenants, conditions, and warranties contained herein and the powers granted hereby shall run with the land and shall inure to the benefit of and bind all parties hereto and their respective heirs, successors and assigns; all tenants and their subtenants and assigns; and all subsequent owners of the Property and subsequent holders of all or any portion of the Note.

16. Governing Law; Severability. This Deed of Trust was negotiated in the State of Washington, and made by Grantor and accepted by Beneficiary in the State of Washington, and the proceeds of the Note secured hereby were disbursed from the State of Washington, which state the parties agree has a substantial relationship to the underlying transaction embodied hereby, and in all respects, including, without limiting the generality of the foregoing, matters of construction, validity and performance, this Deed of Trust and the obligations arising hereunder shall be governed by, and construed in accordance with, the laws of the State of Washington applicable to contracts made and performed in such state (without regard to principles of conflicts of laws) and any applicable law of the United States of America, except that at all times the provisions for the creation, perfection and enforcement of the liens and security interests created pursuant hereto and pursuant to the other Loan Documents other than with respect to liens and security interests in property whose perfection and priority is covered by Article 9 of the UCC (including, without limitation, the accounts, which shall be governed by the law of the jurisdiction applicable thereto in accordance with Article 9 of the UCC) shall be governed by and construed according to the law of the state in which the Property is located, except to the extent that the law of Grantor's or Grantor's state of organization may apply under Article 9 of the UCC, it being understood that, to the fullest extent permitted by the law of such state, the law of the State of Washington shall govern the construction, validity and enforceability of all Loan Documents, including, without limitation, the enforcement of any guaranty or environmental indemnity following foreclosure of this Deed of Trust, and all of the obligations hereunder or thereunder. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, the conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision, and to this end the provisions of this Deed of Trust and the Note are declared to be severable.

17. Jurisdiction. If there is any litigation or other proceeding to enforce or interpret any provision of this Deed of Trust, jurisdiction shall be exclusively in the State or Federal Courts located in Skagit County in the State of Washington, unless the remedy sought requires jurisdiction to be in the State or Federal Courts of the county in which the Property is located.

18. Grantor's Right To Possession. Grantor may remain in possession of the Property for so long as it is not in default hereunder or under the terms of the Note and Grantor may, while it is entitled to possession of the Property, use the same.

19. Attorneys' Fees. In the event any action or proceeding is brought to enforce or interpret the provisions of this Deed of Trust, the prevailing party shall be entitled to recover, as a part of the prevailing party's costs, a reasonable attorneys' fee at trial, in bankruptcy proceedings and on appeal, the amount of which shall be fixed by the court and made a part of any judgment rendered. As used in this Deed of Trust, the Note, and in the Loan Documents, "attorneys' fee" shall include attorneys' fees, if any, which shall be incurred whether or not legal action is commenced and any such fees incurred at trial, arbitration, interpleader, bankruptcy, hearing, or any judicial proceeding, and on appeal.

20. Prepayment Provisions. Reference is made to "Prepayment Penalty" Section of the Note that limits prepayment thereof and provides for payment of certain premiums for prepayment, including involuntary prepayment by virtue of a default and acceleration of the indebtedness secured hereby, and/or application of insurance or condemnation proceeds received by Beneficiary toward repayment of the indebtedness secured hereby.

21. Time Of Essence. Time is of the essence under this Deed of Trust and in the performance of every term, covenant and obligation contained herein.

22. Construction. Whenever used herein whenever the context so requires, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders. All obligations of each Grantor hereunder shall be joint and several.

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

24. Miscellaneous.

24.1 Whenever the context so requires the singular number includes the plural herein, and the impersonal includes the personal.

24.2 The headings to the various sections have been inserted for convenient reference only and shall not modify, define, limit or expand the express provisions of this Deed of Trust.

24.3 This Deed of Trust, the Note, the Loan Agreement, and the other documents, instruments, and agreements entered into by Grantor and Beneficiary in connection therewith (collectively, the "Loan Documents") constitute the final expression of the entire agreement of the parties with respect to the transactions set forth therein. No party is relying upon any oral agreement or other understanding not expressly set forth in the Loan Documents. The Loan Documents may not be amended or modified except by means of a written document executed by the party sought to be charged with such amendment or modification.

25. Waiver of Jury Trial. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, GRANTOR AND BENEFICIARY EACH (A) AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS DEED OF TRUST THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

26. Beneficiary's Right to Force-Place Insurance Coverage. UNLESS GRANTOR PROVIDES BENEFICIARY WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED BY THIS DEED OF TRUST OR LOAN AGREEMENT, BENEFICIARY MAY PURCHASE INSURANCE AT GRANTOR'S EXPENSE TO PROTECT BENEFICIARY'S INTEREST. THIS INSURANCE MAY, BUT NEED NOT, ALSO PROTECT GRANTOR'S INTEREST. IF THE COLLATERAL BECOMES DAMAGED, THE COVERAGE BENEFICIARY PURCHASES MAY NOT PAY ANY CLAIM GRANTOR MAKES OR ANY CLAIM MADE AGAINST GRANTOR. GRANTOR MAY LATER CANCEL THIS COVERAGE BY PROVIDING EVIDENCE THAT GRANTOR HAS OBTAINED PROPERTY COVERAGE ELSEWHERE.

GRANTOR IS RESPONSIBLE FOR THE COST OF ANY INSURANCE PURCHASED BY BENEFICIARY. THE COST OF THIS INSURANCE MAY BE ADDED TO THIS DEED OF TRUST OR LOAN BALANCE. IF THE COST IS ADDED TO THIS DEED OF TRUST OR LOAN BALANCE, THE INTEREST RATE ON THE NOTE SECURED BY THIS DEED OF TRUST WILL APPLY TO THIS ADDED AMOUNT. THE EFFECTIVE DATE OF COVERAGE MAY BE THE DATE GRANTOR'S PRIOR COVERAGE LAPSED OR THE DATE GRANTOR FAILED TO PROVIDE PROOF OF COVERAGE.

THE COVERAGE BENEFICIARY PURCHASES MAY BE CONSIDERABLY MORE EXPENSIVE THAN INSURANCE GRANTOR CAN OBTAIN ON GRANTOR'S OWN AND MAY NOT SATISFY ANY NEED FOR PROPERTY DAMAGE COVERAGE OR ANY MANDATORY LIABILITY INSURANCE REQUIREMENTS IMPOSED BY APPLICABLE LAW.

[Signatures on next page.]

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

DATED as of the day and year first above written.

GRANTOR:

FORTRESS WEST, L.L.C. a Washington limited liability company

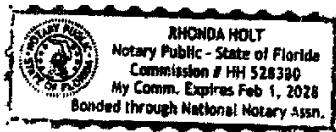
By: _____

Name: Thomas D. Prenzlow
Title: Manager

Flenda
STATE OF WASHINGTON)
) ss.
COUNTY OF Collier)

I certify that I know or have satisfactory evidence that Thomas Prenzlow is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as a Manager of FORTRESS WEST L.L.C. a Washington limited liability company, to be the free and voluntary act of such company for the uses and purposes mentioned in the instrument.

Dated: 3/14, 2025.



Signature
Print Name: Rhonda Holt
Notary Public in and for the State of: Florida
Residing at: 3655 Tamiami Tr. N. Naples FL 34103
My Commission Expires: 2/1/28

[Signature Pages to Leasehold Deed of Trust]

**EXHIBIT A
TO
CONSTRUCTION LEASEHOLD DEED OF TRUST, ASSIGNMENT OF LEASES AND RENT,
SECURITY AGREEMENT, AND FIXTURE FILING**

Legal Description

A portion of the Southwest ¼ of Section 33, Township 35 North, Range 3 East, Willamette Meridian, more particularly described as follows:

Commencing at the Southwest corner of said Section 33, as marked by a 5/8" rebar with plastic cap stamped "Judy 7593" at the intersection of Bay View Road and Farm to Market Road;
Thence South 88°37'13" East along the South line of said Section 33, 384.80 feet;
Thence North 00°00'00" East, 12.47 feet to the North edge of asphalt paving of Bay View Road and the True Point of Beginning of the lease parcel described herein;
Thence continuing North 00°00'00" East, 1,701.08 feet;
Thence North 90°00'00" East, 1,326.00 feet;
Thence South 00°00'00" East, 1,734.20 feet to a point on the North edge of asphalt paving of said Bay View Road from which the South ¼ corner of said Section 33, as marked by a 5/8" rebar with plastic cap stamped "Judy 7593", bears South 87°53'40" East 890.15 feet;
Thence traveling coincident with said North edge of asphalt as constructed at the time of this description the following nominal courses and distances;
Thence North 88°24'02" West, 333.32 feet;
Thence North 88°30'24" West, 164.65 feet;
Thence North 88°51'40" West, 164.72 feet;
Thence North 88°38'18" West, 332.57 feet;
Thence North 88°33'16" West, 331.15 feet to the true point of beginning and the terminus of the lease parcel description contained herein.
Situate in the County of Skagit, State of Washington.

AFTER RECORDING RETURN TO:

First-Citizens Bank & Trust Company
100 E Tryon Rd - DAC20
Raleigh, North Carolina 27603

EXHIBIT B
CONTINUED

COLLATERAL ASSIGNMENT OF LEASE

GRANTOR: FORTRESS WEST, LLC
GRANTEE FIRST-CITIZENS BANK AND TRUST COMPANY
ABBREVIATED LEGAL DESCRIPTION: PTN NW ¼, ALL SW ¼, 33-35-3 E W.M.
Full Legal Description on Exhibit A attached hereto
ASSESSOR'S TAX PARCEL ID
NUMBER: 350333-1-007-0008/P35302 & 350333-1-007-0108/P137112

Loan Number: 00910012913974

COLLATERAL ASSIGNMENT OF LEASE

THIS COLLATERAL ASSIGNMENT OF LEASE (the "*Assignment*") is entered into this February 28, 2025 by FORTRESS WEST, LLC, a Washington limited liability company ("*Assignor*"), for the benefit of FIRST-CITIZENS BANK & TRUST COMPANY, a North Carolina banking corporation ("*Assignee*"), to secure, among other things the performance by Assignor of all Assignor's obligations to Assignee pursuant to a certain loan (the "*Loan*") made by Assignee to Assignor in the principal sum of \$5,000,000.00, which Loan is evidenced by, among other documents, a Promissory Note (the "*Note*") in the principal amount of the Loan and dated of even date herewith, executed by Assignor in favor of Assignee.

RECITALS

A. As described above, Assignee made the Loan to Assignor which is evidenced by the Note and Construction Loan Agreement dated of even date herewith (the "*Loan Agreement*"), which Loan Agreement governs certain terms and conditions of the Loan. The Note, the Loan Agreement and the other related loan and security documents entered into in connection with the Loan shall hereinafter be individually referred to as a "*Loan Document*" and collectively as the "*Loan Documents*."

B. Assignor is the present tenant in the leasehold estate comprising the real property and improvements legally described on Exhibit A attached hereto and incorporated herein by this reference (the "*Leased Premises*") pursuant to that certain Land Lease Agreement between PORT OF SKAGIT COUNTY and Grantor dated September 10, 2019, as amended by that certain First Amendment to Land Lease Agreement dated September 25, 2020, a Second Amendment to Lease dated January 24, 2025, and a Third Amendment to Lease dated February 24, 2025 ("*Lease*"). The Lease and the amendments thereto are recorded under Recording Numbers 202503040060, 202503040061, 202503040062, 202503040063, records of the Skagit County, Washington.

C. Pursuant to the Loan Documents and as one of the conditions of the Loan, Assignee required Assignor to assign its interest in the Lease to Assignee. Accordingly, Assignor has agreed to execute the Assignment below to satisfy such condition.

NOW, THEREFORE, based on the Recitals (which are hereby incorporated into and made part of the Assignment by this reference), and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by Assignor, Assignor enters into the Assignment below.

ASSIGNMENT

i. Collateral Assignment of Lease. Assignor hereby grants, transfers and assigns (the "*Assignment*") to Assignee, and the successors and assigns of Assignee, all of the right, title, and interest of Assignor as the tenant in and to the Lease referenced above, and all modifications and amendments thereto. Assignor and Assignee intend this to be a present transfer of Assignor's rights under the Lease, subject to Assignor's right to occupy, use or sublease the Leased Premises and enjoy the benefits thereof there is no default under the Loan Documents or the Lease.

2. Cancellation of Assignment. Upon Assignor's full payment of the Loan and the performance by Assignor of all the terms and conditions of the Loan Documents, this Assignment shall become and be null and void and of no further effect.

3. Assignor's Performance Under Lease. Assignor will fulfill and perform each and every condition and covenant of the Lease to be fulfilled or performed by Assignor; give prompt notice to Assignee of any notice of default received by Assignor under the Lease; and not terminate the term of the Lease, assign the Lease nor surrender the Lease unless required to do so by the terms of the Lease.

4. Assignor to Remain Bound by Lease. Neither (a) the acceptance of this Assignment by Assignee, nor (b) any performance by Assignor under the Lease shall affect the liability of Assignor under the Lease, and Assignor shall remain fully bound by the Lease.

5. Representations and Warranties. Assignor represents, warrants and covenants to Assignee that (a) Assignor has not assigned or encumbered its interest in the Lease or the leasehold estate created thereby and will not assign or encumber any such right, title and interest to anyone other than Assignee, so long as this Assignment remains in effect; (b) Assignor shall not agree to any modification or amendment of the Lease, or permit any material change thereto or settle or compromise any claim arising by or resulting from the Lease without Assignee's prior written consent, which shall not be unreasonably withheld, conditioned or delayed; (c) Assignor's interest in the Lease is free of any claims, liens or encumbrances; (d) all obligations of Assignor under the Lease have been or shall be performed by Assignor in the manner and at the time specified therein; (e) the Lease is in full force and effect and is enforceable in accordance with its terms; (f) Assignor is not in default with respect to the Lease, including any event which, with the passage of time or the giving of notice, would become an event of default; and (g) Assignor is permitted to assign its interest in the Lease and the Leased Property by virtue of Landlord's consent below.

6. Litigation. At Assignor's sole cost and expense, Assignor will appear in and defend any action growing out of or in any manner connected with the Lease or the obligations or liabilities of Assignor thereunder.

7. Default. After a default by Assignor in the payment of the Loan or of any of Assignor's obligations under the Loan Documents, and the failure of Assignor to cure such default within the time period provided in any Loan Document, then Assignee, at its option and without regard to the adequacy of security for the indebtedness evidenced by the Note, may in its sole discretion, exercise any one or more of the following rights (a) take possession of the Leased Premises subject to the terms of the Lease; (b) foreclose Assignor's interest in the Lease and the leasehold estate created thereby as permitted by law; (c) assume, assign, sell, convey and/or sublet Assignor's interest in the Lease and/or the leasehold estate created thereby, subject to the terms and conditions of the Lease; and (d) exercise any other right or remedy under this Assignment or to which Assignee may be entitled under applicable law.

8. Obligations Under Lease. Assignee shall not be obligated to perform or discharge any obligation under the Lease by reason of this Assignment, and Assignor hereby agrees to indemnify Assignee against and hold it harmless from any and all liability, loss, or damage which it may or might incur under the Lease or under or by reason of this Assignment. Assignor agrees that neither the Assignment nor Assignee's cure and assumption of Assignor's obligations under the Lease shall waive any claims by Assignee against Assignor. All sums advanced by Assignee to cure defaults by Assignor under the Lease shall constitute additional advances under the Loan and shall be secured and guaranteed pursuant to the Loan Documents.

9. Amendment and/or Modification. Neither this Assignment nor any term or provision hereof, may be changed, waived, discharged, amended, or modified orally, or in any manner other than by an instrument in writing signed by Assignee.

10. Binding Effect. Subject to provisions hereof regarding the assignment of this Assignment, if any, this Assignment shall be binding upon and inure to the benefit of the respective parties, and their legal representatives, successors, assigns and heirs.

11. Documents. Assignor shall perform any and all acts and execute and deliver any and all documents as may be necessary and proper under the circumstances in order to accomplish the intent and purpose of this Assignment and to carry out its provisions.

12. Waiver of Breach. The failure of Assignee to insist upon strict performance of any of the covenants and agreements of Assignor herein contained, or to exercise any option or right herein conferred in

favor of Assignee, in any one or more instances, shall not be construed to be a waiver or relinquishment of performance of any covenant or agreement, or of any such option or right, but the same shall be and remain in full force and effect.

13. Attorney's Fees. If Assignee brings an action to enforce the provisions of this Assignment, or otherwise hires an attorney to enforce the provisions of this Assignment, with or without suit, Assignor shall pay Assignee all attorney's fees and costs incurred by Assignee at the trial and appellate levels and in any bankruptcy or insolvency proceeding.

14. Law. This Assignment shall be governed by, construed, and enforced in accordance with the internal laws of the State of Idaho, without giving effect to principles and provisions thereof relating to conflict or choice of laws. Venue for any action under this Assignment shall lie in Skagit County, Washington.

[Signature on next page.]

DATED as of the day and year first above written.

ASSIGNOR:

FORTRESS WEST, LLC, a Washington limited liability company

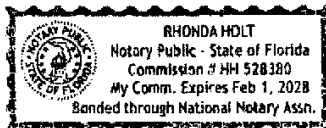
By: 

Name: Thomas D. Prenzlow
Title: Manager

STATE OF Florida
STATE OF WASHINGTON)
COUNTY OF Clallam) ss.

I certify that I know or have satisfactory evidence that Thomas Prenzlow is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as a Manager of FORTRESS WEST, LLC, a Washington limited liability company, to be the free and voluntary act of such company for the uses and purposes mentioned in the instrument.

Dated: 3/19, 2025.



Signature: 

Print Name: Rhonda Holt

Notary Public in and for the State of: Florida

Residing at: 3645 Thompson Tr. NW, Naples, FL 34103

My Commission Expires: 2/1/28

EXHIBIT ALegal Description

A portion of the Southwest ¼ of Section 33, Township 35 North, Range 3 East, Willamette Meridian, more particularly described as follows:

Commencing at the Southwest corner of said Section 33, as marked by a 5/8" rebar with plastic cap stamped "Judy 7593" at the intersection of Bay View Road and Farm to Market Road;

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Thence North 90°00'00" East, 1,326.00 feet;

Thence South 00°00'00" East, 1,734.20 feet to a point on the North edge of asphalt paving of said Bay View Road from which the South ¼ corner of said Section 33, as marked by a 5/8" rebar with plastic cap stamped "Judy 7593", bears South 87°53'40" East 890.15 feet;

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Thence North 88°38'18" West, 332.57 feet;

Thence North 88°33'16" West, 331.15 feet to the true point of beginning and the terminus of the lease parcel description contained herein.

Situate in the County of Skagit, State of Washington.

EXHIBIT A

14705-435/EWM/1214807