

Recording Requested By;
After Recording Return to:

Construction Loan Services II, LLC
1019 39th Ave SE, STE 220
Puyallup, WA 98374
Attn: Legal Dept.



DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS, AND FIXTURE FILING
LOAN NO. 74523
Washington

Grantor(s):	<u>Birdsview, LLC</u>
<input type="checkbox"/> Additional on page _____	
Grantees:	Trustee: <u>TRUSTEE SERVICES, INC</u>
	Beneficiary: <u>Construction Loan Services II, LLC</u>
<input type="checkbox"/> Additional on page _____	
Legal Description (abbreviated):	<u>Ptn. NE SE, 10-35-7E, W.M.</u>
<input checked="" type="checkbox"/> Complete legal on <u>EXHIBIT A</u>	
Assessor's Tax Parcel Identification No(s):	<u>P42397 / 350710-4-001-0001</u>
Reference No. of Documents Released or Assigned:	<u>Not Applicable.</u>

NOTICE TO RECORDER: THIS DOCUMENT CONTAINS A FIXTURE FILING AND SHOULD BE FILED AND INDEXED IN THE REAL ESTATE RECORDS NOT ONLY AS A DEED OF TRUST, BUT ALSO AS A FIXTURE FILING.

THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS, AND FIXTURE FILING (this "*Security Instrument*") is made as of July ^{September} 9, 2025, by and among:

Grantor/Trustor: BIRDSVIEW, LLC
103 N TOWNSHIP ST,
SEDRO WOOLLEY, WA, 98225-1243

Grantee/Trustee: TRUSTEE SERVICES, INC.
PO Box 2980
Silverdale, WA 98383-2980

Grantee/Beneficiary: CONSTRUCTION LOAN SERVICES II, LLC
1019 39th Ave SE, STE 220
Puyallup, WA 98374

Grantee/Beneficiary as is also referred to herein as "*Lender*." Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Loan Documents (as such term is defined in Section 1.2.2, below).

Notice to Borrower: The Note secured by this Security Instrument may contain provisions for a variable interest rate and may include a revolving line of credit. Under the revolving line, Lender may make periodic advances to Borrower, which may be repaid prior to other advances, subject to the terms and conditions of the Note and the other loan documents referenced below. The unpaid balance may from time to time be reduced to zero. A zero balance does not terminate the revolving line and the lien of this Security Instrument will remain in full force notwithstanding such reductions. However, nothing herein shall be construed as obligating Lender to make any future advance to Borrower.

1. GRANT IN TRUST AND SECURED OBLIGATIONS.

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

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

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

1.1.3 Related Real Property and Improvements. All real property and improvements on it, and all appurtenances, permits, plans, licenses, subdivision rights, contracts, contract rights, and other property and interests of any kind or character, including all water and sewer taps belonging to or in any way related to or appurtenant to the Land or Improvements, whether described in EXHIBIT A or not, that may be reasonably necessary or desirable to promote the present and any reasonable future beneficial use and enjoyment of the Land and Improvements;

1.1.4 Leases and Licenses. Subject to the terms of Section 5 hereof, all existing and future leases, subleases, sub-tenancies, licenses, occupancy agreements, and concessions relating to the use and enjoyment of all or any part of the Property (defined below), written or oral, now in existence or hereafter arising, and extensions or renewals thereof, together with the right, power, and authority of Grantor to alter, modify or change the terms thereof or surrender, cancel or terminate the same, and any and all deposits, guaranties and other agreements relating to or made in connection with any of the foregoing (the "**Leases**");

1.1.5 Goods, Materials, Fixtures, etc. All goods, materials, supplies, chattels, furniture, appliances, furnishings, fixtures, equipment and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Property (defined below), whether stored on the Land or elsewhere, all of which shall be considered to the fullest extent of the law to be real property for purposes of this Security Instrument;

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

1.1.7 Rent, Issues, and Profits. Subject to the rights of Lender under Section 5 hereof, all income, rents, security or similar deposits, revenues, issues, royalties, profits, leases, earnings, products and proceeds of the Land or Improvements, including, without limitation, all rights to the payment of money, accounts, accounts receivable, reserves, deferred payments, refunds, cost savings, insurance or condemnation proceeds, payments and deposits, and any proceeds from the sale of any lots comprising the Land and any residences constructed thereon, and any deposits on account thereof (collectively, the "**Rents, Issues and Profits**");

1.1.8 Contracts and Plans. All contracts of every kind relating to development, construction, marketing, and sale of the Property, including, without limitation, any construction contracts and subcontracts, contracts with architects, engineers, and other service providers, supply contracts, consulting agreements, financing commitments and agreements, joint development agreements, service and maintenance agreements, marketing and listing agreements, lot reservation agreements, and purchase and sale agreements, and any other existing and future contracts of any kind relating to the Property, together with all deposits, escrows, payments, or other proceeds thereunder, as well as all existing and future amendments, modifications, and supplements thereof (collectively, the "**Contracts**"); and all designs, drawings, plans, specifications, trademarks, logos, and other work product prepared or to be prepared in connection with the development, construction, marketing, and sale of the Property (as defined below), together with all existing and future amendments, modifications, and supplements thereof (collectively, the "**Plans**");

1.1.9 Insurance. All insurance policies pertaining to the Collateral or Grantor's operations thereon; together with all proceeds thereof and rights thereto, including: all unearned premiums returnable upon cancellation; all claims to and demands for them, of the voluntary or involuntary conversion of any of the Land, Improvements or the other Collateral described above into cash or liquidated claims, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other Collateral described herein or any part of that Collateral, or breach of warranty in connection with the construction of the Improvements, including causes of action arising in tort, contract, fraud or concealment of a material;

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

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

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

1.1.13 Rights of Declarant. All of Grantor's right, title and interest in and to any and all units, declarant rights, and any other rights relating to the Land or the Improvements, whether now existing or subsequently arising, under any and all covenants, conditions, restrictions, development agreements, laws or other agreements now existing or later enacted relating to the Land and Improvements, including, without limitation, those relating to condominiums; and

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

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

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

1.2.1 Promissory Note. Payment of all obligations at any time owing under that certain Promissory Note payable by State Street Creamery, LLC, a Washington limited liability company ("**Borrower**"), and Affiliate of Grantor, as maker, to the order of Lender or order, executed on November 6, 2024 (as the same may be amended, modified, restated, severed, consolidated, renewed, replaced, or supplemented from time to time, the "**Note**"), evidencing a loan from Lender to Borrower in the amended principal amount of \$23,700,000.00 (the "**Loan**"), together with interest thereon and any modifications, extensions, additions or renewals thereof, whether or not any such modification, extension or renewal is evidenced by a new or additional promissory note or notes or an amendment or amendments to the Note;

1.2.2 Loan Documents. Payment and/or performance of each and every other obligation of Borrower under the Note, any loan facility agreement executed in conjunction therewith (the "**Loan Agreement**"), all other documents evidencing, securing, or otherwise governing the Loan, and Grantor's obligations under this Security Instrument (specifically excluding, however, for purposes of establishing the Secured Obligations, any obligations arising under any guaranty of the Secured Obligations or any environmental or hazardous substances indemnity agreement related to the Property (each an "**Indemnity Agreement**")), and any and all amendments, modifications, and supplements thereto (collectively, the "**Loan Documents**"), the provisions of which are incorporated herein by this reference;

1.2.3 Related Loans. Payment and/or performance of each covenant and obligation on the part of Borrower or any individual or entity that, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control, with Borrower, including, without limitation, any general or limited partnership in which Borrower is a partner (collectively, "**Borrower's Affiliates**") to be performed pursuant to any and all loan documents that have been or may be executed by Borrower or Borrower's Affiliates evidencing or securing one or more present or future loans by Lender or its affiliates to Borrower or Borrower's Affiliates (collectively, if any, the "**Related Loans**"), whether now existing or made in the future, together with any and all modifications, extensions and renewals thereof; provided, however, that nothing contained herein shall be construed as imposing an obligation upon Lender, or as evidencing Lender's intention, to make any Related Loan to Borrower or Borrower's Affiliates; and

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

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

1.3 Unsecured Obligations. Notwithstanding anything to the contrary set forth herein or any of the Loan Documents, this Security Instrument shall not secure the following obligations (the "**Unsecured Obligations**"): (a) any obligations evidenced by or arising under an Indemnity Agreement, (b) any other obligations in this Security Instrument or in any of the other Loan Documents to the extent that such other obligations relate specifically to the presence on the Land of hazardous substances or materials and are the same or have the same effect as any of the obligations evidenced by or arising under any Indemnity Agreement, (c) any guaranty of the Secured Obligations, (d) any other obligations under any other indemnification agreement in favor of Lender and (e) any obligation that would be deemed "substantial equivalents" of any of the foregoing for purposes of Section 61.24.100 of the Revised Code of Washington ("**RCW**"). Any breach or default with respect to the Unsecured Obligations shall constitute an Event of Default hereunder, notwithstanding the fact that such Unsecured Obligations are not secured by this Security Instrument. Nothing in this Section shall impair or limit Lender's right to obtain a judgment in accordance with applicable law after foreclosure for any deficiency in recovery of all obligations that are secured by this Security Instrument following foreclosure.

2. SECURITY AGREEMENT.

2.1 Grant of Security Interest. This Security Instrument creates a lien on the Collateral, and constitutes an absolute assignment of the Rents, Issues and Profits and of the Leases, all in favor of Lender, and includes all property now or hereafter affixed or attached to or incorporated upon the Land and Improvements, which, to the fullest extent permitted by law, shall be deemed fixtures and a part of the real property. To the extent that any part of the Collateral or Rents, Issues and Profits and Leases may be, or are determined to be, personal property, Grantor, as debtor, hereby grants to Lender, as secured party, a security interest in such part of the Collateral and Rents, Issues and Profits and Leases as is determined to be personal property, to secure payment and performance of the Secured Obligations. As to such personal property, this Security Instrument constitutes a security agreement under the Article 9 of the Uniform Commercial Code of the state in which the Property is located (the "**Uniform Commercial Code**"), with Grantor/Trustor as Debtor and Grantee/Beneficiary as Secured Party. Terms used to describe the Collateral in Section 1 of this Security Instrument shall have the definitions ascribed to such terms under the Uniform Commercial Code.

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

3. FIXTURE FILING. This Security Instrument constitutes a financing statement filed as a fixture filing under the Uniform Commercial Code, as amended or recodified from time to time, covering any part of the Collateral that now is or later may become fixtures attached to the Land or Improvements.

4. ASSIGNMENT OF RENTS.

4.1 Assignment. Grantor hereby irrevocably, presently, absolutely and unconditionally assigns and transfers to Lender: (i) the Rents, Issues and Profits; (ii) all Leases, and (iii) any and all guarantees of any obligations of any lessee under each of the Leases (a "**Lessee**"). The assignments in this Section are absolute assignments and irrevocable from Grantor to Lender and not merely the passing of security interests or assignments for

security only and constitutes a present, absolute, perfected and choate assignment upon recording of this Security Instrument pursuant to RCW 7.28.230(3), subject to any rights of any senior lenders/lienholders.

4.2 Grant of License. Lender hereby confers upon Grantor a license ("*License*") to collect and retain the Rents, Issues and Profits as they become due and payable, and to administer the Leases, so long as no Event of Default, as defined in Section 7.1, shall exist and be continuing subject to any rights of any senior lenders/lienholders. If an Event of Default has occurred and is continuing, such License shall terminate without notice to or demand upon Grantor, without regard to the adequacy of Lender's security under this Security Instrument.

4.3 Collection and Application of Rents, Issues and Profits.

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

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

4.4 Enforcement of Leases. Grantor will (i) comply with and observe Grantor's obligations as landlord under all Leases and will do all that is necessary to preserve all Leases in force and free from any right of counterclaim, defense or set off, (ii) enforce the performance of each and every obligation, term, covenant, condition and agreement in the Leases by the tenants to be performed, (iii) notify Lender of the occurrence of any default under any Leases for non-residential use, and (iv) 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 or the tenants thereunder. Without Lender's written consent, Grantor will not collect or accept payment of any Rents from the Collateral more than 1 month prior to the due dates thereof; will not surrender or terminate any Lease for non-residential use; and will not request or consent to the subordination of any Lease to any lien subordinate to this Security Instrument.

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

5. RIGHTS AND DUTIES OF THE PARTIES.

5.1 Representations and Warranties. Grantor represents and warrants that:

5.1.1 Commercial Purposes. The Loan and the other Secured Obligations were obtained by Borrower and will continue to be used for commercial or business purposes, other than agricultural, timber, or grazing purposes, and not for personal, family or household purposes.

5.1.2 Title to Land and Improvements. Grantor holds good and indefeasible fee simple title to all of the Land and Improvements, subject only to such exceptions and encumbrances as have been

approved in writing by Lender (the "**Permitted Exceptions**"), and Grantor has or will have good title to all portions of the Collateral other than the Land and Improvements.

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

5.1.4 Right to Encumber/Priority. Grantor has the full and unlimited power, right, and authority to encumber the Collateral and assign the Rents, Issues and Profits and Leases subject to any rights of any lenders/senior lienholders. Upon recording of this Security Instrument and filing of a UCC Financing Statement with respect to any portion of the Collateral that is determined to be personal property, this Security Instrument will create a lien on and security interest in the Collateral that is subject and subordinate to no other liens except for the Permitted Exceptions.

5.2 Taxes and Assessments. Grantor shall pay or cause to be paid when due, all general real and personal property taxes, special and supplemental real and personal property taxes and assessments, license fees, license taxes, levies, charges, penalties, or other taxes or similar impositions imposed by any public or quasi-public authority or utility company that are or may become a lien upon the Collateral. Grantor shall also pay when due all real property taxes, assessments, levies and charges imposed by any public authority upon Lender by reason of its interest in the Collateral created hereby. All of the foregoing taxes, assessments and other charges payable by Grantor with respect to the Collateral are collectively referred to as the "**Impositions.**" If requested by Lender, Grantor shall furnish Lender with receipts from the appropriate taxing authority or other proof satisfactory to Lender that all Impositions have been paid on or before the date upon which they become delinquent.

5.3 Liens, Charges and Encumbrances. Grantor shall not encumber or permit the encumbrance of the Collateral without Lender's prior written consent and Grantor shall immediately discharge any lien on the Collateral to which Lender has not consented in writing. Grantor shall pay or cause to be paid when due all obligations secured by or reducible to liens and encumbrances that shall now or hereafter encumber or appear to encumber the Collateral or any part thereof, all claims for work or labor performed, or materials or supplies furnished, in connection with any work upon the Property, whether the lien, charge or encumbrance is or would be senior or subordinate to this Security Instrument; provided, however, that Grantor shall not be in default hereunder due to any such lien, charge, or encumbrance that is a Permitted Exception. Lender hereby expressly reserves the right to advance any and all funds necessary to cure any and all such obligations, and/or claims.

5.4 Required Insurance. Grantor shall maintain insurance coverages in effect with respect to the Collateral in accordance with the insurance requirements of Lender set forth in the Loan Agreement or otherwise provided by Lender to Grantor in writing prior to the closing of the Loan, as such requirements may be updated by from time to time by Lender. Each insurance policy shall be with a company and in a form acceptable to Lender, as determined by Lender in its reasonable discretion, and shall name Lender as an additional insured.

5.5 Insurance and Condemnation Proceeds.

5.5.1 Payment to Lender. Grantor hereby absolutely and irrevocably assigns to Lender, and authorizes the payor to pay to Lender, the following claims, causes of action, awards, payments and rights to payment, together with all interest that may accrue thereon (collectively, the "**Claims**") subject to any rights of any senior lienholders:

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

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

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

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

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

5.5.4 Application of Proceeds. All proceeds of the Claims that Grantor may receive or be entitled to receive shall be paid to Lender. Lender shall apply any proceeds received by it hereunder first to the payment of the reasonable costs and expenses incurred in the collection of the proceeds. Lender shall then apply the remaining balance of such proceeds (the "**Net Claims Proceeds**"), in its absolute discretion and without regard to the adequacy of its security: (i) to any of the Secured Obligations, notwithstanding the fact that Secured Obligations may not be due according to the terms thereof; (ii) to reimburse Grantor for the costs of reconstructing the Improvements or otherwise repairing or restoring the Collateral; or (iii) to Grantor; provided, however, that if there are no outstanding Events of Default under any of the Loan Documents and Grantor establishes, to Lender's reasonable satisfaction, that Grantor has sufficient funds, including the Net Claims Proceeds, to fully rebuild or repair the Collateral within the remaining term of the Loan, Lender shall make disbursements of the Net Claims Proceeds for purposes of repair or restoration of the Collateral.

5.5.5 Restoration. If the Net Claims Proceeds are used to reimburse Grantor for the cost of reconstruction, restoration, or repair of the Collateral, the Collateral shall be promptly and diligently restored by Grantor to the equivalent of its condition immediately prior to the casualty or condemnation in accordance with the Plans or to such other condition as Lender may approve in writing, and disbursements of such Net Claims Proceeds shall be in accordance with disbursement procedures acceptable to Lender.

5.6 Reserves for Taxes and Insurance. If required by Lender, Grantor shall deposit with Lender, in monthly installments, an amount equal to one-twelfth of the estimated aggregate annual Impositions and insurance premiums for the Property. In such event, Grantor shall cause all bills, statements, or other documents relating to the Impositions and insurance premiums to be sent or mailed directly to Lender. Upon receipt of such bills, statements, or other documents, and provided Grantor has deposited sufficient funds with Lender pursuant to this Section, Lender shall pay such amounts as may be due thereunder out of the funds so deposited with Lender. If at any time and for any reason the funds deposited with Lender are or will be insufficient to pay such amounts as may then or subsequently be due, Lender shall notify Grantor and Grantor shall immediately deposit an amount equal to such deficiency with Lender. Notwithstanding the foregoing, nothing contained herein shall cause Lender to be deemed a trustee of said funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Lender pursuant to this Section. Lender may commingle said reserve with its own funds and Grantor shall be entitled to no interest thereon.

5.7 Maintenance and Preservation of the Collateral. Grantor covenants: (i) to maintain and preserve the Collateral in good condition and repair and in a prudent businesslike manner; (ii) not to remove, demolish or structurally alter the Collateral or any part thereof, or alter, restore or add to the Collateral, or initiate or allow any change in any zoning or other land use classification that affects the Collateral or any part of it, except with Lender's express prior written consent, and except such alterations as may be required by laws, ordinances, rules, regulations, or orders of governmental authorities or by the terms hereof; (iii) to comply with and not suffer violations of any existing and future subdivision laws, building codes, zoning laws and regulations, and other laws, regulations, ordinances, rules, codes, orders, directives, guidelines, building restrictions and requirements of, and all agreements with and commitments to, all federal, state, county or municipal governmental, judicial or legal authorities or agencies having jurisdiction over the Grantor or the Property, including those pertaining to the construction, sale, lease, or financing of the Improvements, and all recorded covenants and restrictions affecting the Property (the "**Requirements**"); (iv) not to commit or permit any waste to or deterioration of the Collateral; (v) to perform all other acts that from the character or use of the Collateral may be reasonably necessary to maintain and preserve its value; and (vi) to execute and, where appropriate, acknowledge and deliver such further instruments as Lender or Trustee may deem necessary or appropriate to preserve, continue, perfect and enjoy the security provided for herein.

5.8 Right of Inspection. Lender, its agents, employees and representatives shall have the right to enter the Property at any reasonable time for the purpose of inspecting the Property and ascertaining Grantor's compliance with the terms hereof, and for such other purposes and in accordance with the terms specified in any of the other Loan Documents.

5.9 Defense and Notice of Actions; Costs. Grantor shall, without liability, cost, or expense to Lender or Trustee, protect, preserve, and defend Grantor's fee interest in and to the Property and Grantor's interest in the Collateral, the security of this Security Instrument, any additional or other security for the Secured Obligations, and the rights or powers of Lender or Trustee hereunder against all adverse claims. Said protection, preservation, and defense shall include, but not be limited to, protection, preservation and defense against all adverse claimants to and encumbrancers of Grantor's interest in the Collateral, whether or not such claimants or encumbrancers assert an interest paramount to that of Lender. Grantor shall give Lender and Trustee prompt notice in writing of the filing of any such action or proceeding. Grantor shall pay all costs, fees, and expenses including, without limitation, costs of evidence of title, trustees' fees, and reasonable attorneys' fees paid or incurred in any action or proceeding in which Lender and/or Trustee may appear or be made a party, whether or not pursued to final judgment, and in any exercise of the power of sale or other remedy contained herein, whether or not such sale is actually consummated or such other remedy is actually prosecuted to completion.

5.10 Matters Concerning Trustee; Actions of Trustee. Trustee accepts this trust when this Security Instrument, duly executed and acknowledged, becomes a public record as provided by law.

5.10.1 Compensation. Grantor agrees to pay fees in the maximum amounts legally permitted, or reasonable fees as may be charged by Lender and Trustee when the law provides no maximum limit, for any services that Lender or Trustee may render in connection with this Security Instrument. Grantor further agrees to pay or reimburse Lender for all costs, expenses and other advances that may be incurred or made by Lender or Trustee in any efforts to enforce any terms of this Security Instrument, whether any lawsuit is filed or not, or in defending any action or proceeding arising under or relating to this Security Instrument, including reasonable attorneys' fees and other legal costs, costs of any foreclosure sale or bankruptcy proceeding affecting the Grantor or the Collateral, and any cost of evidence of title.

5.10.2 Indemnification. Grantor agrees to indemnify Trustee and Lender against and hold each of them and their respective officers, employees, agents, and representatives, harmless from and against any and all losses, damages, liabilities, claims, causes of action, judgments, court costs, reasonable attorneys' fees, and other legal expenses, cost of evidence of title, cost of evidence of value, and other costs and expenses that either may reasonably suffer or incur: (i) in performing any act required or permitted by this Security Instrument or any of the other Loan Documents or by law; (ii) because of any failure of Borrower to perform any of the Secured Obligations; or (iii) because of any alleged obligation of or undertaking by Lender to perform or discharge any of the representations,

warranties, conditions, covenants or other obligations in any document relating to the Collateral other than the Loan Documents. This agreement by Grantor to indemnify Trustee and Lender shall survive the release and cancellation of any or all of the Secured Obligations and the full or partial release and/or reconveyance of this Security Instrument.

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

5.10.4 Payment by Grantor. Grantor shall fulfill all obligations to pay money arising under this Section immediately upon demand by Trustee or Lender. Each such obligation shall be added to, and considered to be part of, the principal of the Note, and shall bear interest from the date the obligation arises at the rate applicable to the principal balance of the Note, as such rate may be adjusted.

5.11 Permitted Actions of Lender and/or Trustee.

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

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

5.12 Full Reconveyance. When all of the Secured Obligations have been paid and performed in full and there exists no default under the Loan or any Related Loan, Lender shall request Trustee in writing to reconvey the Collateral, and shall surrender this Security Instrument and all notes and instruments evidencing the Secured Obligations to Trustee. When Trustee receives Lender's written request for reconveyance and all reconveyance fees, recording fees, or other fees and expenses owing to it by Grantor hereunder, Trustee shall reconvey the Collateral, or so much of it as is then held under this Security Instrument, without warranty to the person or persons legally entitled to it. In the reconveyance, the grantee may be described as "the person or persons legally entitled thereto," and the recitals of any matters or facts shall be conclusive proof of their truthfulness. Neither Lender nor Trustee shall have any duty to determine the right of persons claiming to be rightful grantees of any reconveyance.

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

5.14 Notice of Change. Grantor shall give Lender prior written notice of any change in: (i) the location of its place of business or its chief executive office if it has more than one place of business; (ii) the location of any of the Collateral, including the Books and Records; and (iii) Grantor's name or business structure. Unless approved by Lender in writing, all Collateral that consists of personal property (other than the Books and Records) will be located at the Property and all Books and Records will be located at Grantor's place of business, or chief executive office if Grantor has more than one place of business.

6. DEFAULTS AND REMEDIES.

6.1 Events of Default. The occurrence of any one or more of the following shall constitute an *"Event of Default"*:

6.1.1 Payment Default. Borrower's failure to make any payment or to perform an obligation to pay money that arises under the Note or any of the other Loan Documents; subject to any applicable grace period;

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

6.1.3 Default Under Related Loan Documents. An Event of Default occurs as defined in and arising under any document evidencing, securing, or otherwise governing any Related Loan (collectively, if any, the *"Related Loan Documents"*);

6.1.4 Unauthorized Transfer. A transfer, purported transfer, or change of ownership or control of Grantor in violation of Section 8.

6.1.5 Security Impaired. There is an uninsured casualty with respect to any material portion of the Collateral and Grantor fails to immediately repair such damage, Grantor fails to satisfy the conditions set forth in the Security Instrument for the release of insurance proceeds or any condemnation award, or, whether or not Lender has received and applied insurance proceeds or any condemnation award to the Secured Obligations in accordance with the Security Instrument, Lender reasonably determines that its security is impaired by such casualty or condemnation and Grantor fails to immediately deposit into the Restricted Account (as defined in the Loan Agreement) an amount determined by Lender as necessary to restore such security.

6.2 Rights and Remedies. At any time after the occurrence of an Event of Default hereunder, Lender and/or Trustee shall have all of the rights and remedies described below, in addition to any other rights and remedies of Lender under the Loan Agreement, the other Loan Documents, or the Related Loan Documents. To the fullest extent permitted by law, all of such rights and remedies shall be cumulative and the exercise of any one or more of them shall not constitute an election of remedies.

6.2.1 Receiver. If an Event of Default shall have occurred and be continuing, Lender may, as a matter of right and without regard to the then-current value of the Collateral or the interest of Grantor therein or the sufficiency of the security for repayment and performance of the Secured Obligations, upon ex parte application and without notice to Grantor or anyone claiming under Grantor, and without any showing of insolvency, fraud or mismanagement on the part of Grantor, and without the necessity of filing any judicial or other proceeding other than the proceeding for appointment of a receiver, apply to any court having jurisdiction to appoint a receiver or receivers for the Collateral or any portion thereof, and of the Rents, Issues and Profits, and Grantor hereby irrevocably consents to the appointment of a receiver or receivers upon such Event of Default. Any such receiver shall have the usual powers and duties of receivers in like or similar cases and all the powers and duties of Lender set forth in this Security Instrument or any of the other Loan Documents. Employment by Lender shall not disqualify a person from serving as receiver.

6.2.2 Cure; Protection of Security. With or without notice, and without releasing Grantor from any obligation hereunder, Lender may (but shall not be obligated to) cure any breach or default of Grantor and, if it chooses to do so in its sole discretion, make such advances and do any and all other things that it may in its sole discretion consider necessary and appropriate to protect its Collateral and the security of this Security Instrument. In addition to and without limitation of the foregoing, if Grantor has failed to keep or perform any covenant whatsoever contained in this Security Instrument or Borrower has failed to keep or perform any covenant whatsoever contained in the other Loan Documents, Lender may, but shall not be obligated to any person to do so, perform or attempt to perform said covenant, and any payment made or expense incurred in the performance or attempted performance of any such covenant shall be and become a part of the Secured Obligations, and Grantor promises, upon demand, to pay to Lender,

at the place where the Note is payable, all sums so advanced or paid by Lender, with interest from the date when paid or incurred by Lender at the default rate of interest provided in the Note. No such payment by Lender shall constitute a waiver of any Event of Default. In addition to the liens and security interests hereof, Lender shall be subrogated to all rights, titles, liens, and security interests securing the payment of any debt, claim, tax, or assessment for the payment of which Lender may make an advance, or which Lender may pay.

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

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

6.2.5 Judicial Action. Lender may commence and maintain an action or actions, at law or in equity, in any court of competent jurisdiction, to enforce the payment and/or performance of the Secured Obligations (including, without limitation, to obtain specific enforcement of the covenants of Grantor hereunder, and Grantor agrees that such covenants shall be specifically enforceable by injunction or any other appropriate equitable remedy), to foreclose the liens and security interests of this Security Instrument as against all or any part of the Collateral, and to have all or any part of the Collateral sold under the judgment or decree of a court of competent jurisdiction. Grantor hereby waives the defense of laches and any applicable statute of limitations. If this Security Instrument is foreclosed by judicial action, and the Collateral sold at a foreclosure sale, the purchaser may, during any redemption period allowed, make such repairs or alterations on the Land as may be reasonably necessary for the proper operation, care, preservation, protection and insuring thereof. Any sums so paid together with interest thereon from the time of such expenditure at the lesser of the default rate under the Note, or the maximum rate permitted by law, shall be added to and become a part of the amount required to be paid for redemption from such sale. In addition, Lender will be entitled to a judgment providing that, if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for the deficiency.

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

6.2.7 Power of Sale. Lender may execute a written notice of such Event of Default and of its election to invoke this power of sale to cause all or part of the Collateral to be sold to satisfy the Secured Obligations. Under this power of sale, Lender shall have the discretionary right to cause some or all of the Collateral, including any Collateral property that constitutes personal property, to be sold or otherwise disposed of in any combination and in any manner permitted by applicable law (including the Deed of Trust Act of the State of Washington, RCW Ch. 61.24, as now existing or hereafter amended).

6.2.7.1 Sales of Personal Property. For purposes of this power of sale, Lender may elect to treat as personal property any Collateral property that is intangible or that can be severed from the Land or Improvements without causing structural damage. If it chooses to do so, Lender may dispose of any personal property separately from the sale of real property, in any manner permitted by the Uniform Commercial Code, including any public or private sale, or in any manner permitted by any other applicable law. Lender shall have no obligation to clean-up or otherwise prepare any such Collateral for sale. Any proceeds of any such disposition shall not cure any Event of Default or reinstate any Secured Obligation.

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

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

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

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

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

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

6.2.9.2 An offset to the fair market value or fair value of the Property, as determined hereunder, shall be made by deducting from such value the reasonable estimated closing costs related to the sale of the Property, including but not limited to brokerage commissions, title policy expenses, tax pro-rations, escrow fees, and other common charges that are incurred by the seller of real property.

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

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

6.2.11 Acceleration Not Required. Lender may take any of the actions permitted under Sections 7.2.1 through 7.2.3 regardless of the adequacy of the security for the Secured Obligations, or whether any or all of the Secured Obligations have been declared to be immediately due and payable, or whether notice of default and election to sell has been given under this Security Instrument.

6.2.12 Other Remedies. In addition to the foregoing, upon the occurrence of an Event of Default, Lender and/or Trustee shall have and may exercise any and all other rights and remedies available to them at law or in equity. The exercise or failure to exercise any right or remedy available to Lender or Trustee shall in no event be deemed or construed to be a waiver or release of any rights or remedies of Lender or Trustee under the Loan Documents or the Related Loan Documents, or at law or in equity.

6.3 Payment of Costs, Expenses, and Attorneys' Fees. All costs and expenses reasonably incurred by Trustee and Lender in enforcing the remedies available to them hereunder or otherwise protecting the Collateral or other rights or interests of Lender (including, without limitation, court costs and reasonable attorneys' fees, whether incurred in litigation or not, expenses for evidence of title, appraisals and surveys and trustees' fees, and costs and fees relating to any bankruptcy, reorganization, or insolvency proceeding; including efforts to modify, vacate, or obtain relief from any automatic stay) shall constitute an additional obligation of Grantor to Lender (collectively, "**Costs and Expenses**"). Grantor shall immediately reimburse Lender and Trustee for all Costs and Expenses that Lender or Trustee may incur by reason of, or arising out of, or in connection with: (i) any Default; (ii) any action or proceeding in which Lender or Trustee may appear or commence to protect, preserve, exercise or enforce their rights, remedies or security interests under this Security Instrument, or under any document or instrument evidencing the Secured Obligations secured by this Security Instrument, or which otherwise relates to the Property, including all appeals therefrom; (iii) the performance of any act authorized or permitted hereunder; and (iv) the exercise of any other rights or remedies under this Security Instrument, or under any document or instrument evidencing the Secured Obligations secured by this Security Instrument, or otherwise relating, to the protection of Lender's or Trustee's rights and interest hereunder or under any document or instrument evidencing the Secured Obligations secured hereby, whether or not a suit or proceeding is instituted. Such Costs and Expenses shall include without limitation the fees, charges and expenses of attorneys, engineers, accountants, appraisers, expert witnesses, consultants and other professional assistants and advisors, costs and expenses of searching records, examining title and determining rights in, title to, or the value of, the Property, or the boundaries thereof, including but not limited to title company charges, title insurance premiums, survey costs, publication costs, and other charges incident thereto, all whether or not a suit or proceeding is instituted. Grantor

agrees to and shall pay, immediately and without demand, all sums so expended by Lender or Trustee, together with interest from the date of expenditure, at the highest legal interest rate then payable under the Loan Documents, all of which sums plus interest shall constitute additional Secured Obligations secured by this Security Instrument.

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

6.5 Miscellaneous.

6.5.1 Lender may release, regardless of consideration, any part of the Collateral without, as to the remainder, in any way impairing, affecting, subordinating, or releasing the lien or security interests evidenced by this Security Instrument or the other Loan Documents or affecting the obligations of Grantor or any other party to pay and perform the Secured Obligations. For payment of the Secured Obligations, Lender may resort to any of the collateral therefor in such order and manner as Lender may elect. No collateral heretofore, herewith, or hereafter taken by Lender shall in any manner impair or affect the collateral given pursuant to the Loan Documents, and all collateral shall be taken, considered, and held as cumulative.

6.5.2 Grantor hereby irrevocably and unconditionally waives and releases: (i) all benefits that might accrue to Grantor by virtue of any present or future law exempting the Collateral from attachment, levy or sale on execution or providing for any appraisal, valuation, stay of execution, exemption from civil process, redemption, or extension of time for payment; (ii) notices of any Event of Default or of the exercise of any right, remedy, or recourse not explicitly required under the Loan Documents; and (iii) any right to a marshaling of assets or a sale in inverse order of alienation.

7. ASSIGNMENT.

7.1 No Assignment or Encumbrance Without Lender's Consent. Grantor shall not, without Lender's prior written consent or as otherwise expressly permitted under this Security Instrument sell, convey, assign, encumber, or otherwise transfer any of its right, title, or interest in and to the Collateral or any other Property asset, whether such transfer or encumbrance is voluntary or by operation of law. Any such attempted sale, conveyance, assignment, encumbrance or other transfer without such prior written consent shall be null and void, and of no effect, and shall also constitute, at Lender's option, an Event of Default by Grantor under this Security Instrument and each of the other Loan Documents.

7.2 Conditions to Approval of Assignment. As a condition of approving any assignment, Lender may impose such requirements and conditions as it determines are appropriate in its sole discretion, including but not limited to the requirement that Grantor and the assuming party pay, in advance, any and all reasonable costs and expenses, including reasonable attorney's and accountant's fees, incurred by the Lender in connection therewith.

7.3 Loan Due upon Prohibited Transfer or Encumbrance. Upon any transfer, assignment, or encumbrance, as described in above for which Lender's written approval is required but has not been obtained, the entire outstanding balance owing under the Note, including principal, accrued interest, and any other amounts owing under the Loan Documents shall become due and payable at Lender's option, without any requirement for notice or demand, and Lender may pursue any remedies granted to it under this Security Instrument or any of the other Loan Documents.

7.4 Assignment and Participation by Lender. Lender shall have the right, at any time and from time to time and upon notice to Grantor, to assign or sell the Secured Obligations, and/or any one or more

participations in the Secured Obligations, or to include such obligations in a securitized pool of indebtedness, accompanied by an assignment and/or delegation of any or all related rights or obligations of Lender under the Loan Documents, without the need for any form of consent from Grantor.

8. RIGHTS WITH RESPECT TO CC&RS AND HOMEOWNERS ASSOCIATIONS.

8.1 Rights under CC&Rs. This Security Instrument and Lender's security interest hereunder shall extend to all of Grantor's right, title and interest in and to any and all development rights, declarant rights and any other rights of Grantor in the Property now existing or subsequently arising under any covenants, conditions, and restrictions governing the Property, as the same may be amended from time to time with Lender's written consent (collectively, "**CC&Rs**")

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

8.2.1 Not to file, record or amend any CC&Rs or plat in connection with the Property without the prior written consent of Lender, which consent Lender shall not unreasonably withhold;

8.2.2 Not to adopt, file, or amend any documents establishing or governing any homeowners association for the Property (each, an "**Association**") or architectural control or similar design control committee for the Property (each, an "**ACC**"), including, but not limited to, articles of incorporation or bylaws of any Association, design guidelines, or rules and regulations governing activities within the subdivision (collectively, and together with the CC&Rs and any subdivision plat for the Property, as any such document may be amended from time to time, the "**Governing Documents**"), without the prior written consent of Lender, which consent Lender shall not unreasonably withhold;

8.2.3 To satisfy all obligations of, to make all payments due from, and to observe and perform all terms and conditions to be performed by, Grantor as an owner, developer or declarant of the Property under the Governing Documents and applicable law;

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

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

8.2.6 To pay all charges, including all common expense and limited common expense liabilities and assessments (special or general), insurance, taxes and other items Grantor is or may later be responsible for paying under the Governing Documents and under applicable law.

8.3 Proxy. During an Event of Default, at Lender's election, Grantor shall pledge to Lender its vote(s) and constitute Lender as Grantor's proxy (which appointment is coupled with an interest) with sole right to cast its vote(s) on all actions of any nature whatsoever submitted to a vote of the members of any Association or ACC.

8.4 Notices, etc. Grantor will provide, upon request of Lender, true and correct copies of:

8.4.1 any notices to the members of any Association, including, but not limited to, any notices of any meetings of any Association;

8.4.2 minutes of any such meetings;

8.4.3 any statement of financial condition of any Association, including any budgets or proposed budgets as available to any owner;

8.4.4 any statement showing allocation of expenses and assessments issued to Grantor;

8.4.5 any notice of default issued to Grantor; and

8.4.6 any amendment or proposed amendment to any of the Governing Documents.

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

8.6 Required Consent of Lender. Grantor shall not, except after notice of Lender's prior written consent:

8.6.1 subdivide the Land or the Property; or

8.6.2 consent to any material amendment to any of the Governing Documents, including, but not limited to, any amendment that would change the voting rights or the fraction or percentage of allocated interests of the lot owners in the subdivision.

9. MISCELLANEOUS PROVISIONS.

9.1 Additional Security. If Lender at any time holds additional security for any of the Secured Obligations, all such security shall be taken, considered, and held as cumulative, and Lender may enforce the sale thereof or otherwise realize upon the same, at its option, either before or concurrently with the exercise of any of its rights or remedies hereunder or after a sale is made hereunder. 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 Security Instrument and shall not affect or impair the liability of any maker, surety, or endorser for the payment of any such indebtedness.

9.2 Cooperation. Grantor shall, upon request, cooperate with Lender or Trustee to correct any defect, error or omission that may be discovered in the contents of this Security Instrument or in the execution or acknowledgment hereof, and will execute, acknowledge, and deliver such further instruments and take such further actions as may be reasonably requested by Lender or Trustee to carry out more effectively the purposes of this Security Instrument.

9.3 Permitted Contests. Grantor may contest or object in good faith to the amount or validity of any tax, assessment, claim, demand, levy, lien, encumbrance, charge or notice of noncompliance asserted by a third party (collectively, a "**Third-Party Claim**"), but only in accordance with the following conditions: (i) Grantor shall first give written notice to Lender and deposit with Lender a bond or other security satisfactory to Lender in such amount as Lender shall reasonably require, up to 150% of the amount of the Third-Party Claim or other sum in controversy, and shall have

demonstrated to Lender's reasonable satisfaction that no portion of the Collateral will be sold to satisfy the Third-Party Claim prior to final resolution; (ii) Grantor shall promptly and diligently proceed to cause the Third-Party Claim to be settled and discharged in a manner not prejudicial to Lender or its rights hereunder; (iii) if Grantor shall fail to proceed diligently to discharge the Third-Party Claim, then, in addition to any other right or remedy of Lender, Lender may, but shall not be obligated to, discharge the same, by paying the amount claimed to be due, or by depositing in court a bond or the amount claimed or otherwise giving security for such Third-Party Claim, or in such manner as is or may be prescribed by law, at Grantor's expense; (iv) Lender may employ an attorney or attorneys to protect its rights hereunder, and in such event, Grantor shall pay Lender the reasonable attorneys' fees and expenses incurred by Lender, whether or not an action is actually commenced against Grantor by reason of any default hereunder; and (v) Grantor shall have provided such good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any legal proceedings then pending in connection with such Third-Party Claim.

9.4 No Offset. Grantor's obligation to timely pay and perform all obligations under this Security Instrument shall be absolute and unconditional and shall not be affected by any event or circumstance; including without limitation any setoff, counterclaim, abatement, suspension, recoupment, deduction, defense or any other right that Grantor or any guarantor may have or claim against Lender or any other person or entity. The foregoing shall not constitute a waiver of any claim or demand which Grantor or any guarantor may have in damages or otherwise against Lender or any other person or entity; provided that Grantor shall maintain a separate action thereon.

9.5 Obligations of Grantor, Joint and Several. If more than one person has executed this Security Instrument as Grantor, the obligations of all such persons hereunder shall be joint and several.

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

9.7 No Waiver or Cure. No waiver or delay or omission in the exercise or enforcement by Lender of any of its rights or remedies hereunder or under any of the other Loan Documents shall be considered a waiver of any subsequent application of, or right to enforce, such right or remedy, or of the right to enforce any other right or remedy of Lender in another instance. Furthermore, no waiver of Lender's rights or remedies in one or more instances shall establish a course of dealing or other agreement that will bind Lender or prohibit Lender from enforcing the terms of this Security Instrument or any other Loan Document in another instance.

9.8 Accommodations to Successors. The liability of the original Grantor shall not be released or changed if Lender grants any successor in interest to Grantor any extension of time for payment, or modification of the terms of payment, of any Secured Obligation. Lender shall not be required to comply with any demand by the original Grantor that Lender refuse to grant such an extension or modification to, or commence proceedings against, any such successor in interest.

9.9 Amendments. References to the Note, the Loan Agreement, the Loan Documents and the Related Loan Documents in this document shall be deemed to include all modifications, extensions, and renewals thereof. This Security Instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

9.10 Successors in Interest. Subject to the limitations on transfer contained in Section 8 hereof, the terms, covenants, and conditions herein contained shall be binding upon and inure to the benefit of the heirs, legatees, devisees, administrators, executors, successors and assigns of the parties hereto.

9.11 Applicable Law. This Security Instrument and any claim, controversy, dispute, or cause of action (whether in contract, equity, tort, or otherwise) based upon, arising out of, or relating to this Security Instrument and the transactions contemplated hereby shall be governed by and construed in accordance with the laws of the state of Washington (including rights to a deficiency after judicial or non-judicial foreclosure), without regard to principles of conflicts of law, provided, however, that any claim, controversy, dispute, or cause of action based upon, arising out of, or relating to the creation, perfection, priority, or enforcement of the lien and security interest of this Security Instrument shall be governed by and construed in accordance with the laws of the state where the Land and Improvements are located, without regard to principles of conflicts of law. Grantor acknowledges that the Loan Agreement and one or more of the other Loan Documents are governed and construed in accordance with the laws of the state of Washington, without regard to principles of conflicts of law.

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

9.13 Notice. All notices required or permitted hereunder shall be in writing, effective upon delivery, and shall be: (i) delivered in person, (ii) sent by recognized courier or overnight delivery service, or (iii) sent by certified mail, postage prepaid, with return receipt requested, (such mailing to be deemed received on the sooner of actual receipt or 3 days after mailing) to the appropriate party at its address set forth above. Any party may designate in writing different mailing addresses or persons to which or to whom such notices or demands are thereafter to be addressed, but such change of address or change of party to be addressed notices shall be effective only upon actual receipt.

9.14 Waiver of Marshaling. 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 Security Instrument, 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.

9.15 Waiver Of Jury Trial. LENDER AND GRANTOR EACH HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR RELATED TO, THE SUBJECT MATTER OF THIS SECURITY INSTRUMENT. THIS WAIVER IS KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY MADE BY LENDER AND GRANTOR, AND LENDER AND GRANTOR ACKNOWLEDGE THAT NO PERSON ACTING ON BEHALF OF THE OTHER PARTY HAS MADE ANY REPRESENTATIONS OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. LENDER AND GRANTOR FURTHER ACKNOWLEDGE THAT THEY HAVE BEEN REPRESENTED (OR HAVE HAD THE OPPORTUNITY TO BE REPRESENTED) IN THE SIGNING OF THIS SECURITY INSTRUMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF THEIR OWN FREE WILL, AND THAT THEY HAVE HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

9.16 Indemnities. To the extent the provisions of RCW 4.24.115 are applicable to this Security Instrument, and to the extent indemnification obligations under this Security Instrument include the concurrent negligence of Lender, such provisions shall be valid and enforceable only to the extent of Grantor's negligence. In addition, Grantor expressly waives any of Grantor's immunity under RCW Ch. 51, Industrial Insurance, and any successor or related statute.

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

[Remainder of Page Intentionally Left Blank; Signatures Appear on Following Page.]

IN WITNESS WHEREOF, Grantor has executed this Deed of Trust, Security Agreement, Assignment of Leases and Rents, Assignment of Contracts and Plans, and Fixture Filing as the Grantor/Trustor hereunder, and as a Debtor under the Uniform Commercial Code, as of the date set forth above.

GRANTOR:

BIRDSVIEW, LLC,
a Washington limited liability company


By: _____
Name: ROBERT JANICKI
Its: MEMBER

STATE OF WASHINGTON)
COUNTY OF WHATCOM)

The record was acknowledged before me on SEPT 4, 2025 by ROBERT JAMCKE
as MEMBER of BLADSVIEW, LLC

Dated: 09.04.2025

[SEAL]



Daisy Ward
DAISY WARD
Bellingham WA
My commission expires:
03.25.2026

THIRD PARTY GRANTOR RIDER

Borrower: STATE STREET CREAMERY, LLC, a Washington limited liability company ("**Borrower**")

Grantor: BIRDSVIEW, LLC, a Washington limited liability company ("**Grantor**")

Grantee: CONSTRUCTION LOAN SERVICES II, LLC, a Washington limited liability company ("**Lender**")

THIS THIRD-PARTY GRANTOR RIDER (this "**Rider**") is incorporated into and modifies the Security Instrument.

1. Grantor Obligations. The Loan Documents are executed by Borrower and not by Grantor. Notwithstanding that Grantor is not a party to the Note and related Loan Documents, Grantor acknowledges that certain provisions of this Security Instrument require Grantor to pay or perform certain obligations under the Loan Documents.

2. Modification of Loan Documents. At any time and in such manner and on such terms as it considers desirable, and with or without notice to Grantor, Lender may amend, modify, compromise, accelerate, extend, change the time or manner for payment, increase or reduce the rate of interest, release or add grantors, guarantors, or Borrower, accept additional or substituted security, or release or subordinate any security for, the Secured Obligations subject to the terms of the Loan Documents.

3. Waivers. Grantor waives any right to require Lender to proceed against Borrower or any other person or entity, or to proceed against or exhaust any other security held by it at any time, or to pursue any other remedy available to it; Grantor agrees that Lender shall not be obligated to resort to any other security (including security given by Borrower) in any particular order, even if such action impairs or destroys any subrogation rights of Grantor and/or any right of Grantor to proceed against Borrower for reimbursement.

4. Suretyship Waivers. To the extent Grantor is found to be a surety or guarantor of Borrower's obligations under the Loan Documents, Grantor hereby waives any act or thing that might otherwise be deemed a legal or equitable discharge of a surety, including without limitation any defense based on any of the following: (a) the lack of diligence or any delay in enforcing, or any waiver of or failure to enforce, any right or remedy under the Loan Documents; (b) the failure or invalidity of, or any defect in, the Loan Documents; (c) any disability or other defense of Borrower or any other person; (d) the termination from any cause whatsoever of any of the obligations under the Loan Documents, except upon payment in full of the Indebtedness; (e) the loss or impairment of any right of subrogation; (f) any modification of any of the terms and conditions of the Loan Documents in any form whatsoever and without notice to Grantor, including without limitation the renewal, extension, compromise, acceleration or other change in time for payment or performance thereof and any increase or decrease in the rate of interest thereon; and (g) the foreclosure of the Collateral or any portion thereof.

5. Representations of Grantor. Grantor represents and warrants to Lender that:

5.1 Grantor will derive material financial benefits from Borrower's current financing arrangements with Lender and that the relationship between Grantor and Borrower is such that Grantor has access to all relevant facts and information concerning the Secured Obligations and the Property, and Grantor agrees that Lender has no duty or obligation to inform Grantor in any way about Borrower, the Property, or the Secured Obligations.

5.2 Grantor shall be solely and fully responsible for keeping informed of Borrower's financial condition and all circumstances that might affect Grantor's obligations hereunder.

5.3 Borrower and Grantor have entered into an agreement that gives Grantor a right to recover from Borrower an amount equal to (a) any amount that may be collected by Lender from Grantor and (b) any portion of the Property owned by Grantor that is surrendered to or acquired by Lender, in connection with any action by Lender under the Security Instrument.

6. Solvency and Rights of Grantor. Grantor hereby represents, acknowledges, and warrants that the grant of the Security Instrument will not render Grantor insolvent, and Grantor believes that the transactions contemplated

hereby does not constitute, and there is no basis whatsoever for them to be invalidated or otherwise impeded as, a fraudulent conveyance, voidable preference, assignment for the benefit of creditors, or other rescindable transaction under applicable Laws. Grantor makes the representations and warranties in this Rider intending to be estopped from ever resisting any action by Lender hereunder, including foreclosure, on any such grounds.

7. **Financial Information of Grantor.** At Lender's request, Grantor shall provide to Lender such financial information of Grantor as reasonably requested by Lender to confirm Grantor's ability to maintain the Property, pay its debts as they become due, and avoid insolvency.

[Signature page follows]

Grantor:

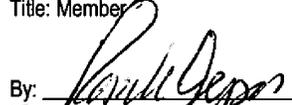
BIRDSVIEW, LLC,
a Washington limited liability company

By: 
Name: ROBERT JANICKI
Its: MEMBER

Borrower:

State Street Creamery, LLC,
a Washington limited liability company

By: 
Name: Robert Janicki
Title: Member

By: 
Name: Ronald Jepsen
Title: Member

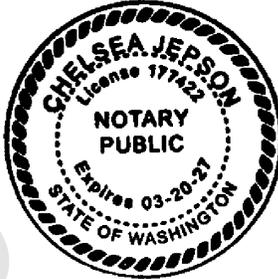
BORROWER:

STATE OF WASHINGTON)
COUNTY OF Whatcom)

The record was acknowledged before me on September 4, 2025 by Ronald Jepson & Robert Janicki
as Members of STATE STREET CREAMERY, LLC

Dated: 9/4/2025

[SEAL]



Chelsea
Jepson

My commission expires: _____

GRANTOR:

STATE OF WASHINGTON)
COUNTY OF Whatcom)

The record was acknowledged before me on SEPT 4, 2025 by Robert Janicki
as Member of Birdsview, LLC

Dated: 09.04.2025

[SEAL]

Daisy Ward
DAISY WARD
Bellingham WA
My commission expires: 03.25.2026

EXHIBIT A

LEGAL DESCRIPTION

THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 10, TOWNSHIP 35 NORTH, RANGE 7 EAST OF THE W.M., LYING NORTHERLY OF THE 300 FOOT WIDE RIGHT-OF-WAY OF THE BURLINGTON NORTHERN RAILROAD COMPANY, AS CONVEYED BY DEED RECORDED JANUARY 19, 1900 UNDER AUDITOR'S FILE NO. 32495, IN VOLUME 40 OF DEEDS, PAGE 277;

EXCEPT THAT PORTION THEREOF LYING WITHIN THE BOUNDARIES OF THE DAVID RUSSEL ROAD, AS CONVEYED TO SKAGIT COUNTY BY DEED RECORDED OCTOBER 24, 1944, UNDER AUDITOR'S FILE NO. 375409, RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

Tax Parcel Number:

P42397 / 350710-4-001-0001