

KATHY HILL
SKAGIT COUNTY RECORDER

'98 DEC -4 A11:37

RECORDED _____ FILED _____
REQUEST OF _____

9812040030

After Recording Return To:
CASCADE BANK
Attn: Jerry L. Goos
2828 Colby Ave.
Everett, WA 98201

FIRST AMERICAN TITLE CO.
56202-1

**DEED OF TRUST
and
ASSIGNMENT OF RENTS AND SECURITY AGREEMENT**

Grantor(s) (Borrower(s)): Mount Vernon Center Associates, a Washington General Partnership
Grantee(s) (Beneficiary): Cascade Bank
Trustee: G. Paul Carpenter, Anderson Hunter Law Firm
Legal Description (abbreviated): Portion Lots 5-11, Mt. Vernon Acreage
Assessor's Tax Parcel No: 3746-000-011-0000 (R 53856)

THIS DEED OF TRUST made this 19th day of November, 1998, between the following:

GRANTOR: Grantor, Mount Vernon Center Associates, a Washington General Partnership, consisting of Ida Amy Schreiber, widow of I. Schreiber; Bertram M. Schreiber, individually, as his separate estate and as co-trustee of the Isadore Schreiber Residuary Trust, under Will dated 11/9/82; and William M. Schreiber, individually, as his separate estate and as co-trustee of the Isadore Schreiber Residuary Trust, under Will dated 11/9/82. The aforementioned partnership has also done business as Mount Vernon Associates, a co-partnership and was formerly I. Schreiber, Bertram M. Schreiber and William M. Schreiber, d/b/a Mount Vernon Associates, a co-partnership. Mount Vernon Center Associates, a Washington General Partnership's, address is:

c/o Gary O'Callaghan
Schreiber Properties
6318 57th Ave. S.
Seattle, WA 98118

9812040030

BK1908PG0115

TRUSTEE: G. Paul Carpenter, Anderson Hunter Law Firm
whose address is: 2707 Colby Avenue, #1001
Everett, Washington 98206-5397

BENEFICIARY: Cascade Bank
whose address is: 2828 Colby Avenue
Everett, Washington 98201

GRANTOR hereby irrevocably grants, transfers, assigns and conveys to Trustee, in trust, for the benefit and security of Beneficiary, with power of sale and right of entry and possession, and grants a security interest in all of Grantor's right, title and interest in and to the parcel of real property and all improvements (the "Realty") situated in Skagit County, State of Washington, legally described as on Exhibit A, attached hereto and by this reference incorporated herein, together with all rights, interest and estate described hereinbelow, and all right, title and estate hereafter acquired by Grantor in or to the Realty or any party thereof, subject to the encumbrances and exceptions, if any, listed as "Permitted Exceptions" in said Property Schedule, to secure performances of all covenants and agreements of this instrument (this "Deed of Trust"), and to secure repayment of the indebtedness by Grantor to Beneficiary in the principal sum of nine hundred and sixty-eight thousand DOLLARS (\$968,000.00), with interest, pursuant to the terms and conditions of a Promissory Note in the aforementioned sum (the "Note") dated the same date, and to secure payment of any other sums which are or which may become owing by Grantor to Beneficiary by virtue of the provisions of the Note, this Deed of Trust or any loan agreement or other assignments or grants of rights or interests (the Note, Deed of Trust, and other assignments or grants of rights or interests are referred to herein as the "Loan Documents," between Grantor and Beneficiary, and the sum secured or to be secured hereby being referred to herein as the "Indebtedness"). Grantor further warrant, covenant and agree as follows:

1. **Definitions.** Words and phrases which appear in initial capitals herein or in any of the Loan Documents shall have the meaning indicated in the definition of said words or phrases contained in the body of this Deed of Trust. Further, this Deed of Trust, the Note and any other instrument given to evidence or further secure the payment and performance of any obligations secured hereby may hereafter be referred to as the "loan instruments" or "loan documents." For purposes of this Deed of Trust, such terms shall **not** include the Environmental Indemnity Agreement or the Building Laws Indemnity Agreement of even date herewith.

2. **Not Agricultural.** The Realty is not used principally for agricultural purposes.

3. **Estates and Interests.** The following described estate, property and rights of Grantor are also included as security for payment of the Indebtedness and the performance of the covenants and agreements herein: (a) all tenements, hereditaments, appurtenances, and privileges belonging or appertaining to the Realty, including without limitation land and rights to land lying in

adjoining streets and remainders; and (b) all structures, improvements, and fixtures now or hereafter situated in or upon or attached to the Realty, including without limitation all heating, cooling and air conditioning equipment, generating equipment, plumbing and plumbing fixtures and equipment, cooking and refrigerating fixtures and equipment, hot water heaters, automatic dishwasher, trash compactor, carpeting, drapes, blinds, screens, awnings and other furnishings and equipment. Each and all of the foregoing shall be deemed part of the Realty.

4. Absolute Assignment of Rents; Appointment of Receiver; the Beneficiary in Possession. As part of the consideration for the Indebtedness, Grantor hereby absolutely, irrevocably, and unconditionally assigns and transfers to Beneficiary all the rents and revenues of the Realty, including those now due, past due or to become due by virtue of any lease or other agreement for the occupancy or use of all or any part of the Realty, regardless of to whom the rents and revenues of the Realty are payable. Grantor hereby authorizes Beneficiary or Beneficiary's agents to collect the aforesaid rents and revenues and hereby directs each tenant of the Property to pay such rents to Beneficiary or Beneficiary's agents. Provided, however, that prior to written notice given by Beneficiary to Grantor of the breach by Grantor of any covenant or agreement of Grantor in this Deed of Trust, Grantor shall collect and receive all rents and revenues of the Realty as trustee for the benefit of Beneficiary and Grantor, to apply the rents and revenues so collected to the sums secured by this Deed of Trust in the order provided herein, with the balance, so long as no such breach has occurred, to the account of Grantor. It is intended by Grantor and Beneficiary that this assignment of rents constitutes an absolute assignment and not an assignment for additional security only. Upon delivery of written notice by Beneficiary to Grantor of the breach by Grantor of any covenant or agreement of Grantor in this Deed of Trust, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Realty in person, by agent or by a court appointed receiver, Beneficiary shall immediately be entitled to possession of all rent and revenues of the Realty as specified in this paragraph 4 as the same become due and payable, including but not limited to rents then due and unpaid, and all such rents shall immediately upon delivery of such notice be held by Grantor as trustee for the benefit of Beneficiary only; provided, however, that the written notice by Beneficiary to Grantor of the breach by Grantor shall contain a statement that Beneficiary exercises its rights to such rents. Grantor agrees that commencing upon delivery of such written notice of Grantor's breach by Beneficiary to Grantor, each tenant of the Property shall make such rents payable to and pay such rents to Beneficiary or Beneficiary's agents on Beneficiary's written demand to each tenant therefor, delivered to each tenant personally, by mail or by delivering such demand to each rental unit, without any liability on the part of said tenant to inquire further as to the existence of a default by Grantor.

Grantor hereby covenants that Grantor has not executed any prior assignment of said rents, that Grantor has not performed and will not perform any acts or has not executed and will not execute any instrument which would prevent Beneficiary from exercising its rights under this paragraph 4, and that at the time of execution of this Deed of Trust there has been no anticipation or prepayment of any of the rents of the Realty for more than one month prior to the due dates of such rents. Grantor covenants that Grantor will not hereafter collect or accept payment of any rent of the

Realty more than two months prior to the due dates of such rents. Grantor further covenants that Grantor will execute and deliver to Beneficiary such further assignments of rents and revenues of the Realty as Beneficiary may from time to time request.

Upon Grantor's breach of any covenant or agreement of Grantor in this Deed of Trust, Beneficiary may in person, by agent or by a court appointed receiver, regardless of the adequacy of Beneficiary's security, enter upon and take and maintain full control of the Realty in order to perform all acts necessary and appropriate for the operation and maintenance thereof including, but not limited to, the execution, cancellation or modification of leases, the collection of all rents and revenues of the Realty, the making of repairs to the Realty and the execution or termination of contracts providing for the management or maintenance of the Realty, all on such terms as are deemed best to protect the security of this Deed of Trust. In the event Beneficiary elects to seek the appointment of a receiver for the Property upon Grantor's breach of any covenant or agreement of Grantor in this Deed of Trust, Grantor hereby expressly consents to the appointment of such receiver. Beneficiary or the receiver shall be entitled to receive a reasonable fee for so managing the Realty.

All rents and revenues collected subsequent to delivery of written notice by Beneficiary to Grantor of the breach by Grantor of any covenant or agreement of Grantor in this Deed of Trust shall be applied first to the costs, if any, of taking control of and managing the Realty, and collecting the rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Realty, premiums on insurance policies, taxes, assessments and other charges on the Realty, and the costs of discharging any obligation or liability of Grantor as lessor or landlord of the Realty and then to the sums secured by this Deed of Trust. Beneficiary or the receiver shall have access to the books and records used in the operation and maintenance of the Realty and shall be liable to account only for those rents actually received. Beneficiary shall not be liable to Grantor, anyone claiming under or through Grantor or anyone having an interest in the Realty by reason of anything done or left undone by Beneficiary under this paragraph 4.

If the rents of the Realty are not sufficient to meet the costs, if any, of taking control of and managing the Realty and collecting the rents, any funds expended by Beneficiary for such purposes shall become Indebtedness of Grantor to Beneficiary secured by this Deed of Trust. Unless Beneficiary and Grantor agree in writing to other terms of payment, such amounts shall be payable upon notice from Beneficiary to Grantor requesting payment thereof and shall bear interest from the date of disbursement at the rate stated in the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Grantor under applicable law.

Any entering upon and taking and maintaining of control of the Realty by Beneficiary or the receiver and any application of rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of Beneficiary under applicable law or provided

herein. This assignment of rents of the Property shall terminate at such time as this Deed of Trust ceases to secure Indebtedness held by Beneficiary.

5. **Grant of Security Interest.** As additional security for payment of the Indebtedness and performance of the covenants and agreements herein, Grantor hereby grants to Beneficiary a security interest in all fixtures and in all personal property of Grantor now or hereafter situated in or upon the Realty, and in all present and future contracts and policies of insurance which insure the Realty or any structures or improvements or any fixtures or any such personal property against casualties and theft, and in all monies and proceeds and rights thereto which may be or become payable by virtue of any such insurance contracts or policies, and in all compensation, proceeds or awards for the taking of title in or possession or use of the Realty or any such structures, improvements, fixtures or personal property or any part thereof. With respect to such security interest or interests, Beneficiary shall have all rights and remedies provided for in this instrument and provided for by law, including, but not limited to, those provided in the Uniform Commercial Code, RCW Chapter 62A. If Beneficiary shall so require, Grantor in the event of default will make such collateral available to Beneficiary at a place designated by Beneficiary which is reasonably convenient to both Parties. Grantor shall execute such instruments and documents as Beneficiary from time to time may require to further evidence or perfect any rights and security interests.

6. **Cross-Default.** Any breach or default under any of the Loan documents by Grantor, shall constitute a material breach or default under this Deed of Trust between Grantor and Beneficiary. Further this Grantor hereby:

- a. waives presentment, demand, protest, notice of acceptance and nonpayment;
- b. waives any and all lack of diligence or delays in collection or enforcement, the right to plead laches and any and all statutes of limitation as a defense to any demand, or any other indulgence or forbearance whatsoever with respect to any and all obligations secured by this Deed of Trust;
- c. waives notice of acceptance hereof by Beneficiary or Trustee under this Deed of Trust;
- d. waives notice of any and all advances made under the notes secured by this Deed of Trust;
- e. agrees that other security for the obligations secured by this Deed of Trust may be released or subordinated by Beneficiary, including without limitation all or any part of the Property or security described in this Deed of Trust, without affecting the right of Beneficiary hereunder, and hereby waives notice thereof; and

f. in any action or proceeding to recover any sum secured by this Deed of Trust, waives any defense or right that resort must first be had to other security or to any other person.

7. **Warranty of Title.** Property is vested in Mount Vernon Center Associates, a Washington General Partnership. Said partnership originally consisted of Isadore Schreiber (I. Schreiber), Bertram M. Schreiber and William M. Schreiber. Isadore Schreiber passed away on October 8, 1987. Since that time the partnership has consisted of Ida Amy Schreiber, Isadore Schreiber's widow, Bertram M. Schreiber, both individually and as co-Trustee of the Isadore Schreiber Residuary Trust, under Will dated November 9, 1982 and William M. Schreiber, both individually and as co-Trustee of the Isadore Schreiber Residuary Trust, under Will dated November 9, 1982. This fact was memorialized in an Amended and Restated Partnership Agreement executed on January 1, 1992. Further, the aforementioned partnership has, in the past, done business under the name of Mount Vernon Associates, a co-partnership.

The Grantor hereby represents and warrants that the Amended Partnership Agreement of January 1, 1992 remains in full force and effect and has not been subsequently modified and/or amended. Grantor further represents and warrants that it has and at all times shall have good and marketable title in fee simple, and owns all of the fixtures and personal property which are the subject hereof free from liens and encumbrances other than installments of property taxes which are not in arrears and liens and encumbrances which may arise after the date of recording of this Deed of Trust which are inferior to this Deed of Trust.

8. **Pay Indebtedness; Comply With Note, Etc.** Grantor shall pay the Indebtedness and all portions of the Indebtedness and installments thereof when due, and shall comply with and perform all conditions, covenants, agreements and provisions contained herein and in any of the Loan Documents. Grantor shall pay all taxes and assessments which are and which may become payable before the same become delinquent, and shall comply with all obligations under or arising from Permitted Exceptions.

9. **Reserves.** If Beneficiary so requires, upon the conditions set forth below in this Section, Grantor at the time of making installment payments upon the Indebtedness shall deposit with Beneficiary such sum as Beneficiary may reasonably estimate to be necessary to pay taxes and assessments and premiums for insurance required by this instrument. All such sums may be held by Beneficiary and applied in such order as Beneficiary may elect to payment upon taxes, assessments, and insurance premiums or upon delinquent portions of the Indebtedness. Such sums shall constitute additional collateral security for Grantor's obligations secured by this instrument and Beneficiary shall have no obligations with respect to such sums other than to account for the same, without interest, to Grantor. Upon any assignment by Beneficiary of this Deed of Trust and security agreement, Beneficiary may turn over such sums to the assignee and thereafter all of Beneficiary's responsibilities with respect thereto shall terminate. Upon any transfer of the Realty,

such sums as Beneficiary then holds shall be deemed to be automatically transferred to the grantee of the Realty.

Beneficiary may elect to require payment of such reserves by Grantor only at such time as there has been an event of default hereunder and Beneficiary has sent notice of such default to Grantor; anytime thereafter Beneficiary may require payment of reserves, regardless of whether such default is thereafter cured by Grantor.

10. **Late Charge.** In the event that any installment or other portion of the Indebtedness is not received by Beneficiary within fifteen (15) days after it is due, Grantor shall pay to Beneficiary a late charge which shall be equal to five percent (5%) of the amount of the delinquent payment. Said late charge(s) shall also be secured by this Deed of Trust.

11. **Repair and Maintenance.** Grantor shall maintain all improvements and structures on the Realty and all fixtures and personal property which are the subject hereof in good and tenantable condition and in good repair at all times, and shall not commit or suffer any waste with respect thereto. Grantor shall comply with all laws, regulations, rules and ordinances affecting such property or the use thereof and shall pay all fees and charges with respect thereto and all fees and charges for utilities or other services to such properties. In the event of any damage to or destruction of improvements; structures, fixtures or personal property, Grantor at its expense shall restore or replace the same within thirty (30) days of such damage or destruction or, if it is physically impossible to restore or replace the same within such thirty days, Grantor shall commence such restoration or replacement within thirty (30) days and pursue the same diligently to completion. If there shall be no breach or default with respect to the Note or any Loan Documents or this instrument, Beneficiary shall permit the proceeds of any casualty insurance which may be payable by reason of such damage or destruction to be disbursed to pay for the cost of such restoration or replacement if such cost can be paid in full from such proceeds, or if Grantor shall make available additional funds in such form and manner as may be satisfactory to Beneficiary so that such cost can be paid in full from such insurance proceeds and additional sums provided by Grantor.

12. **No Alteration.** Grantor shall not alter or demolish or remove from the Realty any structures, improvements or fixtures unless Beneficiary first shall have consented thereto in writing. Grantor shall not remove from the Realty any fixture or personal property which is the subject of this deed of trust and security agreement, without prior written consent from the Grantor, unless Grantor shall replace the same immediately with like personal property of at least equal value.

13. **Insurance.** At all times Grantor at its expense shall keep all structures, improvements, fixtures and personal property which are the subject of this instrument insured against loss or damage by reason of such casualties and contingencies and in such amounts as Beneficiary may require from time to time, including insurance against loss of income from the property, and shall maintain liability insurance in such amounts and against such risks as

Beneficiary may require from time to time. All such insurance shall be in such insurance company or companies as may be satisfactory to Beneficiary. Grantor shall pay all premiums for such insurance and shall furnish Beneficiary (upon request and only after there has been evidence of delinquency by Grantor) with receipts or other evidences of payment before such premiums would become delinquent or before such insurance would lapse by reason of nonpayment of premiums. Such insurance, contracts or policies shall be in such form as Beneficiary shall approve and shall provide for loss being payable to Beneficiary. Unless otherwise expressly provided in this Deed of Trust, Beneficiary shall be entitled to receive all proceeds of insurance against loss of or damage to property and, at Beneficiary's option, entitled to apply the same to any expenses of Beneficiary with respect thereto and then to the Indebtedness, or to any part thereof in Beneficiary's discretion, whether then due and payable or not. Grantor shall deliver to Beneficiary all such policies or certificates of the insurers evidencing such policies. Such policies shall also provide that they shall not be subject to cancellation or termination until Beneficiary shall first have been given thirty (30) days written notice thereof.

14. **Taxes, Encumbrances, Permitted Encumbrances Etc.** Grantor shall pay before delinquent all taxes, levies, assessments of all kinds, or other charges heretofore or hereafter arising, and installments thereof, which may be or become payable upon or with respect to the Realty, structures, improvements, fixtures or personal property which are the subject hereof before the same become delinquent, and shall pay when due all sums secured by any Permitted Encumbrances and perform and comply with all terms, conditions, provisions and agreements thereof; and Grantor shall furnish Beneficiary upon request with receipts or other written evidence satisfactory to Beneficiary evidencing such payment and performance.

15. **Preserve Leases and Tenancies.** Grantor at its expense shall perform all duties owing and to become owing to tenants and shall comply with all terms, conditions and provisions of any leases for any portion of the Realty.

16. **Financial Statements and Review of Records.**

a. **Financial Statements.** Grantor, if requested, shall furnish Beneficiary with financial statements and information, as follows:

i. **Reviewed Financial Statements.** Grantor shall furnish copies of complete and accurate financial statements, prepared on an annual basis, within ninety (90) days of the end of each calendar year hereafter. Said financial statements shall include the financial status and all financial activity during the prior calendar year relating to the Realty including, at a minimum, a balance sheet, statement of income and expenses, and statement of changes in financial position. If any other financial statements relating in whole or part to the Realty are prepared by certified public accountants, Grantor shall furnish Beneficiary with copies of such financial statements. The financial statements required under this section shall

be furnished on an unconsolidated non-combined basis, and include only the financial status and financial activity of the Realty.

Any time after there has been a default and notice of default has been given to Grantor, Beneficiary may elect to require that the annual financial statements required pursuant to this section be reviewed financial statements prepared by a certified public accounting firm acceptable to Beneficiary, regardless of whether the default is later cured.

ii. **Rent Rolls.** Grantor shall provide Beneficiary rent rolls for the Realty on an annual basis, and more frequently if requested by Beneficiary, certified by Grantor or their authorized representative or agent to be true, correct and complete, containing, at a minimum, the following information, with respect to each rental unit:

- “ Address of each rental unit
- “ Names of tenants
- “ Commencement date of lease
- “ Monthly rental provided for in lease
- “ Length of lease
- “ Amount of any default

b. **Inspection of Records.** Grantor shall maintain complete and accurate financial records for all financial activity of the Realty. Said records, including all leases, contracts, correspondence and other documents and notices relating to the Realty shall be open to inspection, review and copying by the Beneficiary, or the authorized agent of the Beneficiary, at the offices of the Grantor in Snohomish, King or Pierce Counties, Washington, on any business day, upon at least twenty-four (24) hours notice to the Grantor; said notice shall be deemed given upon verbal telephone notice to any of the undersigned Grantor, or their successors or assigns, by facsimile transmittal to any of the undersigned Grantor, or upon notice by mail as set forth below.

c. **Inspection of Realty.** Beneficiary shall be entitled to inspect the Realty upon reasonable notice to Grantor and any existing tenant of any portion of the Realty to be inspected. All leases and lease extensions hereafter executed by Grantor with respect to any portion of the Realty shall provide that Beneficiary, or its successors and assigns in interest, shall have the right to inspect the Realty, upon reasonable notice to the tenant. The parties agree that five (5) business days written notice sent by first class mail, postage prepaid, to Grantor and tenant, at tenant's last known address, or tenant's address at the Realty shall be presumed to be reasonable notice.

17. **Hazardous Substances.**

a. **None Existing.** Grantor is not aware of the existence of any Hazardous Substances in or upon the Realty or of the release or deposit of any such substances in, to or upon the Realty. Grantor has not been advised of and has not been given notice of, and to the best of Grantor's knowledge no predecessor in interest in the Realty has been advised of or given notice of the existence of any Hazardous Substances in or upon the Realty or of the release or deposit of any Hazardous Substances in, to or upon the Realty.

b. **Hazardous Substances — Correction.** If Grantor becomes aware of the existence of any Hazardous Substance in or upon the Realty, or of the release or deposit of any Hazardous Substance in, to or upon the Realty, or of any violation of any law, regulation, rule, order or decision relating to Hazardous Substances with respect to or affecting the Realty, or the use and enjoyment or value thereof or becomes aware of any claim, assertion or notice of any such existence, release or deposit of Hazardous Substances affecting the Realty, Grantor immediately shall give Beneficiary written notice thereof, and Grantor shall do all things necessary to correct any such violation, or to dismiss any such claim or assertion or notice, and to remove such substances from the Realty.

Hazardous Substances shall mean any substance or material defined as hazardous or toxic by any public authority (state, federal or local) whether by law, regulation, rule or judicial or administrative decision.

18. **Condemnation.** If the Realty or any part or appurtenance thereof or any right or interest therein shall be taken by eminent domain or subjected to any taking or condemnation, Beneficiary, at its option, may commence or appear in or prosecute in its own name any action or proceeding with respect thereto and shall be entitled to obtain all compensation, awards or other relief therefor. Such compensation, awards, damages or other relief shall be applied first to payment of Beneficiary's expenses with respect to the foregoing, then to any indebtedness secured hereby, whether then due and payable or not. Grantor hereby irrevocably assigns all such sums to Beneficiary.

19. **Suits, Actions, Etc.** If any action or proceeding shall be commenced which might affect any security interest granted by this instrument or the value of the same or the rights of powers of Beneficiary or Trustee, Beneficiary or Trustee may at its election appear in such action or proceeding and do such things as Beneficiary may elect for the purpose of protecting or preserving its rights and remedies, security interests and the value thereof. Grantor, upon demand, shall reimburse Beneficiary for all costs and expenses which Beneficiary may incur by reason thereof, including without limitation, attorneys' fees and fees for other services or advice, including costs of title searches and reports, and costs, expenses and fees of accountants, engineers, appraisers and other professional assistance or advisers, and all such sums shall be secured hereby. Without

limiting the foregoing, Beneficiary and Trustee shall be entitled to reimbursement of all attorney's fees, costs and expenses which may be incurred in protecting or preserving their rights and remedies and security interest, as they deem necessary or beneficial, on account of the bankruptcy, reorganization, assignment for the benefit of creditors, receivership or similar actions or proceedings, with respect to any of the Grantor, their successors or assigns in interest, or any underlying lienholders with respect to the Realty.

20. Reimburse Beneficiary for Expenses. If Grantor shall fail to perform any covenant or agreement herein at any time or from time to time, Beneficiary at its election may perform the same or cause the same to be performed, Grantor shall repay Beneficiary for all expenditures Beneficiary may make and for all costs and expenses Beneficiary may incur by reason thereof, including reasonable attorney's fees and costs, together with interest thereon at the rate provided in the Note, but not to exceed the highest rate permitted by law, from the date incurred until repaid, and the same shall be secured hereby.

21. No Transfer or Encumbrance of Realty. On sale or transfer of (i) all or any part of the Realty, or any interest therein, or (ii) beneficial interests in Grantor (if Grantor is not a natural person or persons but is a corporation, partnership, trust or other legal entity), Beneficiary may, at Beneficiary's option, declare all of the sums secured by this Deed of Trust to be immediately due and payable, and Beneficiary may invoke any remedies permitted by this Deed of Trust. Secondary financing may be permitted subject to the prior written approval of Beneficiary. In addition, the sale or transfer of all or any part of the Realty, or interest therein, may be permitted subject to the prior written approval of the Beneficiary; provided, however, such approval would be in consideration and payment of a loan fee equaling 1% of the existing principal balance then due and owing. This option shall not apply in case of:

- a. transfers by devise or descent or by operation of law upon the death of a Grantor;
- b. sales or transfers when the transferee's credit-worthiness and management ability are satisfactory to Beneficiary in its sole and absolute discretion, and the transferee has executed, prior to the sale or transfer, a written assumption agreement containing such terms as Beneficiary may require, including, if required by Beneficiary, an increase in the rate of interest payable under the Note;
- c. the grant of a leasehold interest in a part of the Realty of three years or less (or such lease term as Beneficiary may permit by prior written approval) not containing an option to purchase;
- d. sales or transfers of beneficial interests in Grantor provided that such sales or transfers, together with any prior sales or transfers of beneficial interests in Grantor (but excluding sales or transfers under subparagraph (a) above), do not result in more than forty-

nine percent (49%) of the beneficial interests in Grantor having been sold or transferred since commencement of amortization of the Note;

e. sales or transfers of fixtures or any personal property, expressly allowed elsewhere in this Deed of Trust or

f. sales made pursuant to the terms and conditions of Section 31 below (partial reconveyance).

22. Further Assurances. On demand of Beneficiary, Grantor shall do any act or execute any additional documents that Beneficiary reasonably may require to secure the Loan, to confirm the lien of the Deed of Trust or to further implement, effect or perfect any lien or security interest or rights under any Loan Document.

23. Payment of Costs. Grantor shall pay all costs and expenses, other than Beneficiary's normal operating expenses, relating to the Loan and the collateral security therefore. Without limiting the generality of the foregoing, Grantor will pay all taxes and recording expenses, including stamp or transfer taxes, if any, incurred in connection with the Loan; any fees and commissions lawfully due to any brokers in connection with this transaction and shall indemnify Beneficiary against and hold Beneficiary harmless against all such claims.

24. Default. Each of the following shall be an event of default: any Event of Default under the Loan Agreement or any Loan Document; failure to pay any other sum secured hereby or any installment or other portion thereof within fifteen (15) days after the same shall be due or payable; failure to comply with or perform any other condition, covenant, agreement or provision hereof or of any Loan Document; the failure or inability of Grantor to pay debts or other obligations in the ordinary course of business, or any Grantor's admission thereof in writing; any acts or deeds of Grantor seeking to obtain extensions of time or other relief from creditors; the making of any general assignment for the benefit of creditors by any Grantor; the appointment of a receiver for any property which is subject hereto or for any Grantor; the commencement of any proceedings by or against Grantor under any bankruptcy, insolvency or debtor relief law; the commencement of any acts or any proceedings for the dissolution of Grantor. For the purposes hereof, the word "Grantor" shall be deemed to include any successor in interest of any Grantor.

Upon any event of default, all sums secured hereby at the option of Beneficiary shall become due and payable immediately without demand or notice, or, if a Loan Document expressly provides for notice and an opportunity to cure defaults, then after such notice and failure to so cure, and Beneficiary shall have the right to have the property sold by Trustee pursuant to the provisions of the laws of the State where the Realty is situated with respect to Trustee's sales pursuant to deeds of trust or, at Beneficiary's option, to have this Deed of Trust foreclosed in judicial proceedings as a mortgage, and Beneficiary shall have the right to exercise all other rights and remedies which may be provided for herein and rights and remedies which may be applicable pursuant to the Uniform

Commercial Code of the State where the Realty is situated. Beneficiary may exercise such rights and remedies at such times and in such order as Beneficiary may elect. All rights and remedies provided for in this instrument and in any Loan Document, and rights and remedies provided by law, shall be cumulative. If this Deed of Trust shall be foreclosed as a mortgage in judicial proceedings, any judgment which Beneficiary may recover shall bear interest at the Rate provided in the Note, not to exceed, however, the highest rate permitted by law.

If Beneficiary invokes the power of sale, Beneficiary shall execute a written notice of the occurrence of an event of default and of Beneficiary's election to cause the Realty to be sold, as may be required by applicable law of the State of Washington. Trustee shall give notice of default and notice of sale and shall sell the Realty according to the law of Washington. Trustee may sell the Realty at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Realty by public announcement at the time and place of any previously scheduled sale. Beneficiary or Beneficiary's designee may purchase the Realty at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Realty so sold without any covenant or warranty expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made herein. Trustee shall apply the proceeds of the sale in the following order: (a) to all costs and expenses of the sale, including, but not limited to, Trustee's and attorneys' fees and costs of title evidence and guarantee; (b) to all sums secured by this Deed of Trust in such order as Beneficiary, in Beneficiary's sole discretion, directs; and (c) the excess, if any, to the person or persons legally entitled thereto in accordance with applicable law and procedure.

25. **Non-Waiver.** Neither the acceptance by Beneficiary of any payment or any other performance, nor any act or failure of Beneficiary to act or to exercise any rights, remedies or options in any one or more instances shall be considered as a waiver of any such right, remedy or option or of any other then existing or thereafter accruing right, remedy or option, or of any breach or default then accrued or thereafter accruing. No claimed waiver by Beneficiary of any rights, remedies or options shall be binding unless the same shall be in writing and signed by Beneficiary.

26. **Notices.** Notices from one party to another shall not be effective unless given in writing by personal delivery or by mailing in the manner provided herein, except as expressly set forth above concerning review of records and inspection of the Realty. A notice to Grantor may be given by delivery to a corporate officer of Grantor. A notice to the Beneficiary may be given by delivery to the president of Beneficiary at Beneficiary's Stated Address. A notice may be given by postpaid first class mail, registered or certified, with return receipt requested, addressed to the party at that party's Stated Address. A party's "Stated Address" shall mean its address set forth in the opening paragraph hereof or, in either case, such other address as the party may specify in a written notice of change of address. A notice, other than a notice of change of address, so mailed shall be deemed given on the first business day following the date of mailing if it is deposited in the mail in

King County, Pierce County or Snohomish County, Washington, and otherwise shall be deemed given on the third business day following the date of mailing. A notice of change of address shall be deemed given when received by the addressee. A "business day" shall mean any day which is not a Saturday or Sunday, or other day when banks in Seattle, Washington, are not open for the conduct of general banking business or a day when the postal service does not deliver mail in the city where the addressee-party's then Stated Address is located.

27. **Reconveyance.** Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustee to reconvey the Realty and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Realty without warranty to the person or persons legally entitled thereto. Such person or persons shall pay Trustee's reasonable costs incurred in so reconveying the Realty.

28. **Severability.** If any provision of this instrument or of any Loan document shall be invalid or unenforceable at any time, such invalidity or unenforceability shall not affect the remaining portions and provisions of this instrument or of such Loan Document, all of which remaining portions and provisions shall be and remain in full force and effect.

29. **Application of Payments.** Notwithstanding anything to the contrary herein and subject to Beneficiary's absolute discretion to apply payments in any other order it determines, payment shall be credited first to reimbursement of any amounts due under the Loan Documents for advances by Beneficiary to cure Grantor's defaults (if any), second to interest on any such amounts as set forth in the Loan Documents, third to any other costs, expenses or charges chargeable to Grantor pursuant to this Deed of Trust or any Loan Document, fourth to late charges (if any) set forth in the Loan Documents, fifth to interest and sixth to principal payable under the Note.

30. **Miscellaneous Provisions.** The term "Beneficiary" shall mean the original beneficiary hereunder and any future owner or holder, including pledgees or assignees of the Indebtedness. The term "Grantor" shall mean an original Grantor hereunder and any successor in interest thereof. The term "Trustee" shall mean the original Trustee hereunder and any successor in interest and any successor trustee. Whenever the context requires, any gender shall include all other genders, and the singular number shall include the plural, and the plural shall read as the singular. All captions and sections and Paragraph divisions in this instrument are for convenience of reference only, and shall not affect the construction, interpretation or meaning of this instrument or of any provisions hereof.

31. **Governing Law, Jurisdiction, Construction.** This instrument and all Loan Documents shall be governed by the law of the State of Washington. Jurisdiction and venue for any legal proceedings relating to or arising from this instrument or the Loan Documents shall be in the courts of Skagit County, Washington, subject to the right to the Beneficiary to utilize non-judicial remedies as set forth above. The Grantor acknowledges and agrees that it has had an opportunity to have this instrument and the Loan Documents reviewed by counsel of its choice;

therefore, the Grantor waives any right the Grantor might otherwise have to have ambiguities, if any, in this instrument or the Loan Documents construed or interpreted in Grantor's favor.

IN WITNESS WHEREOF Grantor have executed this instrument as of the day and year first hereinabove written.

GRANTOR: Mount Vernon Center Associates, a Washington General Partnership, consisting of Ida Amy Schreiber, widow of Isadore Schreiber, Bertram M. Schreiber, both individually and as co-trustee of the Isadore Schreiber Residuary Trust, under Will dated November 9, 1982 and William M. Schreiber, individually and as co-trustee of the Isadore Schreiber Residuary Trust, under Will dated November 9, 1982.

Ida Amy Schreiber
Ida Amy Schreiber, a widow, partner
by: William M. Schreiber, her attorney in fact

Bertram M. Schreiber
Bertram M. Schreiber, Partner, both individually, as his
separate estate, and as co-trustee of the Isadore
Schreiber Residuary Trust, under Will dated
11/9/82

William M. Schreiber
William M. Schreiber, Partner, both individually as his
separate estate, and as co-trustee of the Isadore
Schreiber Residuary Trust, under Will dated
11/9/82

STATE OF NEW YORK

COUNTY OF Richmond } ss.

On this day personally appeared before me William M. Schreiber, known to me and/or satisfactorily proven to me to be the person who has been appointed as an attorney-in-fact for his mother, Ida Amy Schreiber, pursuant to that certain DURABLE POWER OF ATTORNEY, dated the 22nd day of May, 1992, and where upon oath, stated that the aforementioned DURABLE POWER OF ATTORNEY had not been revoked and remained in full force and effect, and acknowledged that he executed the same as the act of his mother, Ida Amy Schreiber, principal, for the purposes therein contained.

SUBSCRIBED AND SWORN to before me on this 19th day of November, 1998.

Teresa Mcleod
PRINTED NAME: TERESA Mcleod - Public State of New York
NOTARY PUBLIC No. 43-481104A
in and for the State of New York Qualified in Richmond County
My commission expires: Oct 31, 2000

STATE OF Michigan)
) ss.
COUNTY OF Oakland)

On this day personally appeared before me Bertram M. Schreiber, to me known to be a Partner both individually and as co-trustee of the Isadore Schreiber Residuary Trust, under Will dated 11/9/82 of Mount Vernon Center Associates, a Washington General Partnership, also known as Mount Vernon Associates, a co-partnership, who, under oath, stated that his individual interest was owned as his separate estate, and executed the within and foregoing instrument, and acknowledged to me the said instrument was the free and voluntary act and deed of said partnership for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument both individually and as co-trustee of the above-described trust, for and on its behalf.

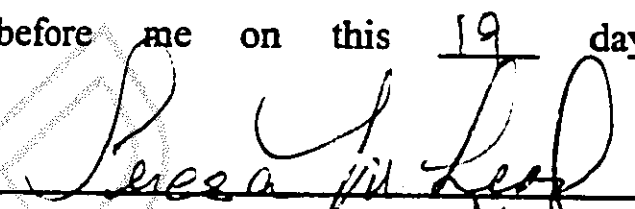
SUBSCRIBED AND SWORN to before me on this 23rd day of November, 1998.

Myra Selivanoff
PRINTED NAME: MYRA SELIVANOFF
NOTARY PUBLIC
in and for the State of Michigan
My commission expires: 1/31/2001

STATE OF New York
COUNTY OF Richmond ss.

On this day personally appeared before me William M. Schreiber, to me known to be a Partner both individually and as co-trustee of the Isadore Schreiber Residuary Trust, under Will dated 11/9/82 of Mount Vernon Center Associates, a Washington General Partnership, also known as Mount Vernon Center Associates, a co-partnership, and who under oath, stated that his individual interest was owned as his separate estate, and who executed the within and foregoing instrument, and acknowledged to me the said instrument was the free and voluntary act and deed of said partnership for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument both individually and as co-trustee of the above-described trust, for and on its behalf.

SUBSCRIBED AND SWORN to before me on this 19 day of
November, 1998.


PRINTED NAME: Teresa McLeod
NOTARY PUBLIC
in and for the State of New York
My commission expires: Oct 31, 2000

Public State of New York
No. 43-4811048
Qualified in Richmond County
My Commission Expires October 31, 2000

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

PARCEL "A":

All those portions of the "PLAT OF MOUNT VERNON ACREAGE", according to the plat thereof recorded in Volume 3 of Plats, page 102, records of Skagit County, Washington, described as follows:

- (a) Tracts 5 and 6, EXCEPT the West 256.41 feet thereof;
- (b) Tract 7, EXCEPT the West 179 feet thereof;
- (c) All of Tract 8;
- (d) Tract 9, EXCEPT the West 268 feet of the North 29.5 feet thereof, AND EXCEPT the West 245 feet of the South 100 feet thereof;
- (e) Tract 10, EXCEPT the West 245 feet thereof, AND EXCEPT the South 10 feet of the East 285 feet thereof;
- (f) Tract 11, EXCEPT the South 10 feet thereof.

PARCEL "B":

The Westerly 10 feet of that portion of the abandoned Puget Sound and Cascade Railway Company right-of-way in the Southwest 1/4 of the Northwest 1/4 of Section 17, Township 34 North, Range 4 East of the W.M., lying between the Easterly extension of the North line of Tract 5 and the South line of Tract 11 of said "PLAT OF MOUNT VERNON ACREAGE";

EXCEPT the South 10 feet thereof, as conveyed to the State of Washington for State Secondary Highway 1-G by instrument dated March 20, 1951, and recorded May 4, 1951, under Auditor's File No. 460430, records of Skagit County, Washington.

(NOTE: Portions of the above described Parcels "A" and "B" have been further subdivided as evidenced by Short Plats recorded in Volume 1 of Short Plats, page 168, and in Volume 1 of Short Plats, page 175).

EXHIBIT A