

WHEN RECORDED RETURN TO:

MAYER, BROWN & PLATT
350 South Grand Avenue
Suite 2500
Los Angeles, California 90071
Attn: Maria M. Rabassa, Esq.



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Leasehold - Anacortes

LEASEHOLD DEED OF TRUST WITH ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FLXTURE FILING

**THIS DOCUMENT TO BE RECORDED BOTH AS
A LEASEHOLD DEED OF TRUST AND FIXTURE FILING**

Grantor (Borrower or affiliate): **TRIDENT SEAFOODS CORPORATION,**
a Washington corporation

Grantee (Lender): **BANK OF AMERICA, N.A.,** as agent

Grantee (Trustee): **CHICAGO TITLE INSURANCE COMPANY**

Legal Description: Harbor Area in Front of Tracts 2, 3, 4, K, L, M, N Streets, Plate 8,
Anacortes Tidelands

Assessor's Tax Parcel ID Number: None Assigned
R55367

ISLAND TITLE COMPANY

SA-19081 ✓

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

The parties to this Leasehold Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing (this "Deed of Trust"), made as of November 1 1999, are TRIDENT SEAFOODS CORPORATION, a Washington corporation, as trustor ("Trustor"), CHICAGO TITLE INSURANCE COMPANY, as trustee ("Trustee"), and BANK OF AMERICA, N.A. ("Agent"; Agent and any successor agent pursuant to the terms of the Credit Agreement (as hereinafter defined), being hereinafter referred to as "Beneficiary"), as administrative agent, for and on behalf of the financial institutions set forth on Schedule 1 attached hereto and incorporated by reference hereby (such financial institutions and their respective successors and assigns under the Credit Agreement being referred to herein collectively as "Lenders").

I. Grant in Trust and Secured Obligations.

1.1 Grant in Trust. For the purpose of securing payment and performance of the Secured Obligations defined and described in Section 1.2, Trustor hereby irrevocably and unconditionally grants, conveys, transfers and assigns to Trustee, in trust, for the benefit of Beneficiary, with power of sale and right of entry and possession, all estate, right, title and interest which Trustor 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, together with the Personalty (as hereinafter defined) being hereinafter collectively referred to as the "Property"):

(a) the leases and lease agreements more particularly described in Exhibit A-1 attached hereto and all of that certain leasehold estate (the "Leasehold") created thereby in the real property located in the County of Skagit, State of Washington, as described in Exhibit A-2 attached hereto (the "Land"), together with all existing and future easements and rights affording access to the Land; and

(b) all buildings, structures and improvements now located or later to be constructed on the Land (the "Improvements"); and

(c) all existing and future appurtenances, privileges, rights, easements and tenements of the Leasehold on the Land, including all minerals, oil, gas, other hydrocarbons and any other commercially valuable substances which may be in, under or produced from any part of the Land, all water and water rights (whether or not appurtenant), and any land lying in the streets, roads or avenues, open or proposed, in front of or adjoining the Land and Improvements; and

(d) all rents, income, revenues, issues and profits of or from the Leasehold, the Land or the Improvements; and

(e) all Fixtures (as that term is hereinafter defined); and

(f) all proceeds, including all claims to and demands for them, of the voluntary or involuntary conversion of any of the Leasehold, the Land, the Improvements or the other property described above into cash or liquidated claims, including proceeds of all present and future fire, hazard or casualty insurance policies, including all proceeds of any insurance policies, present and future, payable because of loss sustained to all or part of any Property, whether or not such insurance policies are required by Beneficiary, 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

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condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Leasehold, the Land, the Improvements or the other property described above or any part of them, 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 fact; and

(g) all additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

1.2 Secured Obligations. Trustor makes the grant, conveyance, transfer and assignment set forth in Section 1.1, makes the irrevocable and absolute assignment set forth in Article II, and grants the security interest set forth in Article III, all for the purpose of securing the following obligations in any order of priority that Beneficiary may choose (collectively, the "Secured Obligations" and individually, a "Secured Obligation"):

(a) payment of an aggregate indebtedness in the amount of up to Two Hundred Ten Million Dollars (\$210,000,000), to be paid in accordance with the terms and with interest as set forth in those certain notes (inclusive of any revolving promissory notes which provide for the borrowing, repayment and reborrowing of funds) made by Trustor payable to each individual Lender including, without limitation, those described in Schedule 2 to this Deed of Trust and incorporated herein by this reference, and all modifications, extensions and/or renewals thereof (collectively, the "Notes"); and

(b) payment of all other obligations at any time owing under the Notes; and

(c) any promissory notes evidencing additional loans which any or all of the Lenders may from time to time make to Trustor pursuant to the Loan Agreement (as hereinafter defined), the Lenders not being obligated, however, to make such additional loans except pursuant to the terms of the Loan Agreement; and

(d) payment and performance of all obligations of Trustor under this Deed of Trust, including, without limitation, the reimbursement and payment of any sums advanced or expenses or costs incurred by the Agent, Trustee or the Lenders (or any receiver appointed hereunder) which are made or incurred pursuant to, or permitted by, the terms hereof, plus interest thereon at the rate herein specified or otherwise agreed upon, from the date of the advances or incurring of such expenses or costs until reimbursed; and

(e) payment and performance of all obligations of Trustor under a Credit Agreement executed as of even date herewith by Trustor as "Borrower", Agent as "Agent" and Lenders as "Lenders" (the "Loan Agreement") and under any "Loan Documents" as defined in the Loan Agreement; provided that this Deed of Trust does not secure any Loan Document that is expressly stated to be unsecured; and

(f) payment and performance of all obligations of Trustor under any L/C Agreement, Letter of Credit, or any other L/C Related Documents (as such terms are defined in the Loan Agreement) entered into by Trustor and the Issuing Bank (as defined in the Loan Agreement); and

(g) payment and performance of all future advances and other obligations that Trustor or any successor in ownership of all or part of the Property may agree to pay and/or perform (whether as principal, surety or guarantor) for the benefit of Lender, or any of them, when a writing evidences the parties' agreement that the advance or obligation be secured by this Deed of Trust; and

(h) payment and performance of all obligations of Trustor under



any Swap Contract if and only if a writing, such as the Swap Contract, evidences the parties' agreement that such obligations be secured by this Deed of Trust; and

(i) except as specified below, payment and performance of any obligations of Trustor under any Loan Documents which are executed by Trustor; and

(j) payment and performance of all modifications, amendments, extensions, and renewals, however evidenced, of any of the Secured Obligations.

In addition to certain other Loan Documents, Trustor is executing indemnity agreements (collectively, the "Indemnity Agreements") in connection with the Loans. Notwithstanding any provision of this Deed of Trust or any other Loan Document, neither (a) the obligations of Trustor arising from the Indemnity Agreements or (b) the obligations under any Guaranty, are or shall be Secured Obligations under this Deed of Trust.

All persons who may have or acquire an interest in all or any part of the Property 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. Such terms include any provisions in the Notes, the Loan Agreement or any Swap Contract which permit borrowing, repayment and reborrowing, or which state that the interest rate on one or more of the Secured Obligations may vary from time to time.

II. Assignment of Lessor's Interest in Leases and Assignment of Rents.

2.1 Absolute Assignment. Trustor hereby irrevocably, absolutely, presently and unconditionally assigns to Beneficiary:

(a) all of Trustor's right, title and interest in, to and under any and all leases, including, without limitation the Anacortes Lease (as hereinafter defined), subleases, licenses and other agreements of any kind relating to the use or occupancy of all or any portion of the Leasehold or the Property, whether now in effect or entered into in the future (collectively, with the Anacortes Lease, the "Leases" and individually, a "Lease"), including without limitation, (i) the right to surrender, terminate, cancel, waive, change, supplement, grant subleases of, alter or amend the Lease more particularly described in Exhibit A attached hereto (the "Anacortes Lease"), together with any and all options to purchase, rights of first offer and rights of first refusal, whether contained in the Anacortes Lease or elsewhere, held by Trustor with respect to the Land and Improvements, (ii) all guarantees of and security for lessees' performance under any and all Leases, and (iii) all amendments, extensions, renewals or modifications to any Leases; and

(b) all rents (and payments in lieu of rents), income, profit, payments and revenue at any time payable under any and all Leases, any and all security deposits received or to be received by Trustor pursuant to any and all Leases, and all rights and benefits accrued or to accrue to Trustor under any and all Leases (collectively, "Rents").

THIS IS AN ABSOLUTE ASSIGNMENT, NOT AN ASSIGNMENT FOR SECURITY ONLY.

2.2 Grant of License. Beneficiary hereby confers upon Trustor a license (the "License") to collect and retain the Rents as they become due and payable, so long as no Event of Default, as defined in Section 7.1, shall exist and be continuing. If an Event of Default has occurred and is continuing, Beneficiary shall have the right, which it may choose to exercise in its sole discretion, to terminate the License without notice to or demand upon Trustor, and without regard to the adequacy of Beneficiary's security under this Deed of Trust.

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2.3 Collection and Application of Rents. Subject to the License granted to Trustor under Section 2.2, Beneficiary has the right, power and authority to collect any and all Rents. Trustor hereby appoints Beneficiary its attorney-in-fact to perform any and all of the following acts, if and at the times when Beneficiary in its sole discretion may so choose:

- (a) demand, receive and enforce payment of any and all Rents; or
- (b) give receipts, releases and satisfactions for any and all Rents; or
- (c) sue either in the name of Trustor or in the name of Beneficiary for any and all Rents.

Beneficiary's right to the Rents does not depend on whether or not Beneficiary takes possession of the Property as permitted under Section 7.2(c). In Beneficiary's sole discretion, it may choose to collect Rents either with or without taking possession of the Property. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted under Section 1.1 and Section 7.2(g).

2.4 Notice. All lessees under any and all Leases are hereby irrevocably authorized and notified by Trustor to rely upon and to comply with (and shall be fully protected in so doing) any notice or demand by Beneficiary for the payment to Beneficiary of any rental or other sums which may at any time become due under the Leases, or for the performance of any of lessees' undertakings under the Leases, and lessees shall have no right or duty to inquire as to whether any Event of Default has actually occurred or is then existing hereunder.

2.5 Proceeds. Beneficiary shall have the right to apply all amounts received by it pursuant to this assignment to pay any of the following in such amounts and in such order as Beneficiary shall deem appropriate: (a) any and all Secured Obligations, together with all costs and attorneys' fees; (b) all expenses of leasing, operating, maintaining and managing the Property, including without limitation, the salaries, fees, commissions and wages of a managing agent and such other employees, agents or independent contractors as Beneficiary deems necessary or desirable; (c) all taxes, charges, claims, assessments, any other liens, and premiums for all insurance Beneficiary deems necessary or desirable; (d) the cost of all alterations, renovations, repairs or replacements, and all expenses incident to taking and retaining possession of the Property.

2.6 Beneficiary Not Responsible. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Land and the Improvements, Beneficiary is not and shall not be deemed to be:

- (a) a "mortgagee in possession" for any purpose; or
- (b) responsible for performing any of the obligations of Trustor under any Lease; or
- (c) 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
- (d) liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.



2.7 Leasing. Trustor shall not accept any deposit or prepayment of Rents for any rental period exceeding one (1) month without Beneficiary's prior written consent. Trustor shall not lease the Property or any part of it except strictly in accordance with the Loan Agreement. Trustor shall apply all Rents in the manner required by the Loan Agreement.

III. Grant of Security Interest.

3.1 Grant of Security Interest. Trustor grants to Beneficiary a security in, and pledges and assigns to Beneficiary, all of Trustor's right, title and interest now or hereafter acquired in and to all of the following described personal property (collectively, the "Personalty") as security for the payment and performance of the Secured Obligations:

(a) all tangible personal property of every kind and description, whether now existing or later acquired, including, without limitation, all goods, materials, supplies, tools, books, records, chattels, furniture, fixtures, equipment and machinery, and, without limiting the generality of any of the foregoing classifications, including any and all fire sprinkler, alarm, trash compaction, security, heating, ventilation and air conditioning, electrical, plumbing and any other utility, life safety or maintenance system and any and all components or units thereof, and in all cases whether attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of, the Leasehold, the Land and the Improvements, whether stored on the Land or elsewhere; and

(b) all of Trustor's right, title and interest now or hereafter acquired in any account from which Trustor may from time to time authorize Beneficiary to debit and/or credit payments due with respect to the loans evidenced by the Notes (collectively, the "Loans") or any interest rate swap transaction, forward rate transaction, interest rate cap, floor or collar transaction, any similar transaction, any option to enter into any of the foregoing or any combination of the foregoing or any document, instrument or agreement with Beneficiary, now existing or hereafter entered into, which agreement may be oral or in writing, relating thereto, including any Master Agreement relating to or governing any or all of the foregoing and any related schedule or confirmation, each as amended from time to time (each a "Swap Contract"), all rights to the payment of money from Beneficiary under any Swap Contract, and all other accounts, general intangibles and other goods described in any Swap Contract, any other Loan Document or any other document, instrument or agreement with Beneficiary relating thereto; and

(b) all rights to the payment of money, reserves, deferred payments, refunds, savings and deposits, whether now or later to be received from third parties (including all earnest money sales deposits) or deposited by Trustor with third parties (including all utility deposits), accounts (provided, however, this Deed of Trust does not create a lien on accounts receivable, other than accounts receivable constituting Rents, arising in the ordinary course of the business conducted by Trustor on the Property), contract rights, money, instruments, documents and chattel paper; and

(c) all the Leasehold, general intangibles (to the extent not included under clause (b) above) relating to the Leasehold, the Land, the Improvements, and/or any business now or later to be conducted thereon by Trustor, including, without limitation, all permits, licenses and goodwill, all books, records and files, including, without limitation, computer readable memory and data and any computer software or hardware reasonably necessary to access and process such memory and data, all architectural and engineering plans, specifications and drawings, and as-built drawings, which arise from or relate to the Leasehold, the Land, the Improvements, and/or any of the foregoing property described in this Section 3.1, all claims to or demands for the

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voluntary or involuntary conversion of any of the Leasehold, the Land, the Improvements or the other property described above into cash or liquidated claims, all proceeds of present and future fire, hazard or casualty insurance policies, all proceeds of any insurance policies, present and future, payable because of loss sustained to all or part of any Property, whether or not such insurance policies are required by Beneficiary, 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 Leasehold, the Land, the Improvements or the other property described above or any part of them, 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 fact; and

(d) all substitutions, replacements, additions, accessions and proceeds for or to any of the foregoing property described in this Section 3.1.

3.2 Financing Statements. Trustor shall execute one or more financing statements and such other documents as Beneficiary may from time to time require to perfect or continue the perfection of Beneficiary's security interest in any Personalty. Trustor shall pay all fees and costs that Beneficiary may incur in filing such documents in public offices and in obtaining such record searches as Beneficiary may reasonably require. In case Trustor fails to execute any financing statements or other documents for the perfection or continuation of any security interest, Trustor hereby appoints Beneficiary as its true and lawful attorney-in-fact to execute any such documents on its behalf. If any financing statement or other document is filed in the records normally pertaining to personal property, that filing shall never be construed as in any way derogating from or impairing this Deed of Trust or the rights or obligations of the parties under it.

3.3 Possession and Use of Collateral. Except as otherwise provided in this Deed of Trust or the Loan Agreement, so long as no Event of Default exists hereunder, Trustor may possess, use, transfer and dispose of any of the Personalty in the ordinary course of Trustor's business.

3.4 Security Agreement. This Deed of Trust constitutes a security agreement under the Washington Uniform Commercial Code, Revised Code of Washington ("RCW") Title 62A, covering all Personalty.

IV. Fixture Filing.

4.1 Fixture Filing; Description of Fixtures. This Deed of Trust constitutes a fixture filing under RCW Sections 62A.9-313 and 62A.9-402(6) of the Washington Uniform Commercial Code, as amended or recodified from time to time, and covers property which includes goods which are or are to become fixtures on the Property. "Fixtures" shall include all articles of personal property now or hereafter attached to, placed upon for an indefinite term or used in connection with said real property, appurtenances and improvements, together with all goods and other property which are or at any time become so related to the Property that an interest in them arises under real estate law.

V. Rights and Duties of the Parties.

5.1 Representations and Warranties. Trustor warrants that, except as previously disclosed to Beneficiary in a writing making reference to this warranty:

(a) Trustor lawfully possesses and holds a leasehold estate in all of the Land and Improvements; and

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(b) Trustor has or will have good title to all Property other than the Land and Improvements; and

(c) Trustor has the full and unlimited power, right and authority to encumber the Property; and

(d) this Deed of Trust creates a first and prior lien on the Property; and

(e) the Property includes all property and rights which may be reasonably necessary or desirable to enable Trustor to use, enjoy and operate the Leasehold, the Land and the Improvements for the present uses thereof; and

(f) Trustor owns any Property which is personal property free and clear of any security agreements, reservations of title or conditional sales contracts, and there is no presently effective financing statement affecting such personal property on file in any public office.

5.2 Performance of Secured Obligations. Trustor shall promptly pay and perform each Secured Obligation in accordance with its terms.

5.3 Taxes and Assessments.

(a) Trustor shall pay prior to delinquency all taxes, levies, charges and assessments (individually and collectively, an "Imposition"), imposed by any public or quasi-public authority or utility company which are (or if not paid, may become) a lien on all or part of the Property or any interest in it, or which may cause any decrease in the value of the Property or any part of it. If any such Imposition becomes delinquent, Beneficiary may require Trustor to present evidence that they have been paid in full, on ten (10) days' written notice by Beneficiary to Trustor. Notwithstanding the foregoing provisions of this Section 5.3, Trustor may, at its expense, contest the validity or application of any Imposition by appropriate legal proceedings promptly initiated and conducted in good faith and with due diligence, provided that (i) Beneficiary is reasonably satisfied that neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, or lost as a result of such contest, and (ii) Trustor shall have posted a bond or furnished such other security as may be reasonably required from time to time by Beneficiary.

(b) Following an Event of Default (as that term is defined in Section 7.1 hereof), Trustor will pay monthly to Beneficiary an amount equal to one-twelfth (1/12th) of the annual cost of any real property taxes and any assessments constituting a lien on the Property, together with an amount equal to the estimated next premiums for hazard and other required insurance. These funds will be held by Beneficiary (and may be commingled with other funds of Beneficiary) without interest and will be released to Trustor for payment of Impositions and insurance premiums, or directly applied to such costs by Beneficiary, as Beneficiary may elect.

5.4 Liens, Charges and Encumbrances. Trustor shall immediately discharge any lien on the Property which Beneficiary has not consented to in writing. Trustor shall pay when due each obligation secured by or reducible to a lien, charge or encumbrance which now does or later may encumber or appear to encumber all or part of the Property or any interest in it, whether the lien, charge or encumbrance is or would be senior or subordinate to this Deed of Trust.

5.5 Damages and Insurance and Condemnation Proceeds.

(a) Trustor hereby absolutely and irrevocably assigns to Beneficiary, and authorizes the payor to pay to Beneficiary, the following claims, causes of action, awards, payments and rights to payment:

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(i) 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 which affects all or part of the Property or any interest in it; and

(ii) all other awards, claims and causes of action, arising out of any warranty affecting all or any part of the Property, or for damage or injury to or decrease in value of all or part of the Property or any interest in it; and

(iii) all proceeds of any insurance policies payable because of loss sustained to all or part of the Property, whether or not such insurance policies are required by Beneficiary; and

(iv) all interest which may accrue on any of the foregoing.

(b) Trustor shall immediately notify Beneficiary in writing if:

(i) any damage occurs or any injury or loss is sustained to all or any part of the Property, 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, which relates to any actual or proposed condemnation or taking of all or part of the Property.

If Beneficiary chooses to do so, it may in its own name appear in or prosecute any action or proceeding to enforce any cause of action based on warranty, or for damage, injury or loss to all or part of the Property, and it may make any compromise or settlement of the action or proceeding. Beneficiary, if it so chooses, may participate in any action or proceeding relating to condemnation or taking of all or part of the Property, and may join Trustor in adjusting any loss covered by insurance.

(c) All proceeds of these assigned claims and all other property and rights which Trustor may receive or be entitled to shall be paid to Beneficiary. In each instance, Beneficiary shall apply those proceeds first toward reimbursement of all of Beneficiary's costs and expenses of recovering the proceeds, including attorneys' fees. If, in any instance, each and all of the following conditions are satisfied in Beneficiary's reasonable judgment, Beneficiary shall permit Trustor to use the balance of the proceeds ("Net Claims Proceeds") to pay costs of repairing or reconstructing the Property:

(i) the plans and specifications, cost breakdown, construction contract, construction schedule, contractor and payment and performance bond for the work of repair or reconstruction must all be acceptable to Beneficiary; and

(ii) Beneficiary must receive evidence satisfactory to it that after repair or reconstruction, the Property would be at least as valuable as it was immediately before the damage or condemnation occurred; and

(iii) the Net Claims Proceeds must be sufficient in Beneficiary's determination to pay for the total cost of repair or reconstruction, including all associated development costs and interest projected to be payable on the Secured Obligations until the repair or reconstruction is complete; or Trustor must provide its own funds in an amount equal to the difference between the Net Claims Proceeds and a reasonable estimate, made by Trustor and found acceptable by Beneficiary, of the total cost of repair or reconstruction; and



(iv) Beneficiary must receive evidence satisfactory to it that all leases which it may find acceptable will continue after the repair or reconstruction is complete; and

(v) no Event of Default shall have occurred and be continuing.

(d) If Beneficiary finds that the foregoing conditions are met, Beneficiary shall hold the Net Claims Proceeds and any funds which Trustor is required to provide in a noninterest-bearing account and shall disburse them to Trustor to pay costs of repair or reconstruction upon presentation of evidence reasonably satisfactory to Beneficiary that repair or reconstruction has been completed satisfactorily and lien-free. However, if Beneficiary finds that one or more of the foregoing conditions are not satisfied, it may apply the Net Claims Proceeds to pay or prepay (without premium) some or all of the Secured Obligations in such order and proportions as it in its sole discretion may choose.

(e) Trustor hereby specifically, unconditionally and irrevocably waives all rights of a property owner for allocation of condemnation proceeds between a property owner and a lienholder, and any other law or successor statute of similar import.

5.6 Maintenance and Preservation of Property.

(a) Trustor shall insure the Property as required by the Loan Agreement and keep the Property in good condition and repair.

(b) Trustor shall not remove or demolish the Improvements, or any part thereof, or alter or add to the Improvements, or initiate or allow any change in any zoning or other land use classification which affects the Property or any part of it, except as permitted by the Loan Agreement.

(c) If all or part of the Property becomes damaged or destroyed, Trustor shall promptly and completely repair and/or restore the Property in a good and workmanlike manner in accordance with sound building practices, regardless of whether or not Beneficiary agrees to disburse insurance proceeds or other sums to pay costs of the work of repair or reconstruction under Section 5.5.

(d) Trustor shall not commit or allow any waste of the Property.

(e) Trustor shall perform all other acts which from the character or use of the Property may be reasonably necessary to maintain and preserve its value and utility.

5.7 Releases, Extensions, Modifications and Additional Security.

(a) From time to time, Beneficiary 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; or

(ii) extend the time for payment, or otherwise alter the terms of payment, of any Secured Obligation; or

(iii) accept additional real or personal property of any kind as security for any Secured Obligation, whether evidenced by deeds of trust, mortgages, security agreements or any other instruments of security; or

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(iv) alter, substitute or release any property securing the Secured Obligations.

(b) From time to time when requested to do so by Beneficiary in writing, Trustee may perform any of the following acts without incurring any liability or giving notice to any person:

(i) consent to the making of any plat or map of the Property or any part of it; or

(ii) join in granting any easement or creating any restriction affecting the Property; or

(iii) join in any subordination or other agreement affecting this Deed of Trust or the lien of it; or

(iv) reconvey the Property or any part of it without any warranty.

5.8 Reconveyance. When all of the Secured Obligations have been paid in full and all of the Swap Contracts (if any) have been terminated, Beneficiary shall request Trustee in writing to reconvey the Property, and shall surrender this Deed of Trust and all notes and instruments evidencing the Secured Obligations to Trustee. When Trustee receives Beneficiary's written request for reconveyance and all fees and other sums owing to Trustee by Trustor under Section 5.9, Trustee shall reconvey the Property, or so much of it as is then held under this Deed of Trust, without warranty to the person or persons legally entitled to it. Such person or persons shall pay any costs of recordation. 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 Beneficiary nor Trustee shall have any duty to determine the rights of persons claiming to be rightful grantees of any reconveyance.

5.9 Compensation, Exculpation, Indemnification.

(a) Trustor agrees to pay fees in the maximum amounts legally permitted, or reasonable fees as may be charged by Beneficiary and Trustee when the law provides no maximum limit, for any services that Beneficiary or Trustee may render in connection with this Deed of Trust, including Beneficiary's providing a statement of the Secured Obligations or Trustee's rendering of services in connection with a reconveyance. Trustor shall also pay or reimburse all of Beneficiary's and Trustee's costs and expenses which may be incurred in rendering any such services. Trustor further agrees to pay or reimburse Beneficiary for all costs, expenses and other advances which may be incurred or made by Beneficiary or Trustee in any efforts to enforce any terms of this Deed of Trust, including any rights or remedies afforded to Beneficiary or Trustee or both of them under Section 7.2, whether any lawsuit is filed or not, or in defending any action or proceeding arising under or relating to this Deed of Trust, including attorneys' fees and other legal costs, costs of any Foreclosure Sale (as defined in Section 7.2(h)) and any cost of evidence of title. If Beneficiary chooses to dispose of Property through more than one Foreclosure Sale, Trustor shall pay all costs, expenses or other advances that may be incurred or made by Trustee or Beneficiary in each of those Foreclosure Sales.

(b) Beneficiary shall not be directly or indirectly liable to Trustor or any other person as a consequence of any of the following:

(i) Beneficiary's exercise of or failure to exercise any rights, remedies or powers granted to it in this Deed of Trust; or



(ii) Beneficiary's failure or refusal to perform or discharge any obligation or liability of Trustor under any agreement related to the Property or under this Deed of Trust; or

(iii) any loss sustained by Trustor or any third party resulting from Beneficiary's failure to lease the Property, or from any other act or omission of Beneficiary in managing the Property, after an Event of Default, unless the loss is caused by the wilful misconduct and bad faith of Beneficiary.

Trustor 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 Beneficiary.

(c) Trustor agrees to indemnify Trustee and Beneficiary against and hold them harmless from all losses, damages, liabilities, claims, causes of action, judgments, court costs, attorneys' fees and other legal expenses, cost of evidence of title, cost of evidence of value, and other costs and expenses which either may suffer or incur:

(i) in performing any act required or permitted by this Deed of Trust or any of the other Loan Documents or by law; or

(ii) because of any failure of Trustor to perform any of their obligations; or

(iii) because of any alleged obligation of or undertaking by Beneficiary to perform or discharge any of the representations, warranties, conditions, covenants or other obligations of Trustor in any document relating to the Property other than the Loan Documents.

This agreement by Trustor to indemnify Trustee and Beneficiary 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 Deed of Trust.

(d) Trustor shall pay all obligations to pay money arising under this Section 5.9 immediately upon demand by Trustee or Beneficiary. While the Loans remain outstanding, each such obligation shall be added to, and considered to be part of, the principal of the Notes, and shall bear interest from the date the obligation arises at the rate then being applied to the principal balance of the Notes. If the Loans have been paid in full, but any Swap Contract remains outstanding, each such obligation shall bear interest at the "Default Rate" as defined in the Master Agreement included in the Swap Contracts.

5.10 Defense and Notice of Claims and Actions. At Trustor's sole expense, Trustor shall protect, preserve and defend the Property and title to and right of possession of the Property, and the security of this Deed of Trust and the rights and powers of Beneficiary and Trustee created under it, against all adverse claims. Trustor shall give Beneficiary and Trustee prompt notice in writing if any claim is asserted which does or could affect any of these matters, or if any action or proceeding is commenced which alleges or relates to any such claim.

5.11 Substitution of Trustee. From time to time, Beneficiary may substitute a successor to any Trustee named in or acting under this Deed of Trust in any manner now or later to be provided at law, or by a written instrument executed and acknowledged by Beneficiary and recorded in the office(s) of the recorder(s) of the county or counties where the Land and Improvements are situated. Any such instrument shall be conclusive proof of the proper substitution of the successor Trustee, who shall automatically upon recordation of the instrument succeed to all estate, title, rights, powers and duties of the predecessor Trustee, without conveyance from it.



5.12 Subrogation. Beneficiary shall be subrogated to the liens of all encumbrances, whether released of record or not, which are discharged in whole or in part by Beneficiary in accordance with this Deed of Trust or with the proceeds of any loan secured by this Deed of Trust.

5.13 Site Visits, Observation and Testing. Beneficiary and its agents and representatives shall have the right to enter and visit the Property at any reasonable time for the purposes of observing it, performing appraisals, taking and removing soil or groundwater samples, and conducting tests on any part of it, as provided in the Loan Agreement.

VI. Accelerating Transfers.

6.1 Acceleration Upon Sale or Encumbrance. Trustor agrees that Trustor shall not, without the prior written consent of Beneficiary (which consent may be withheld in Beneficiary's sole discretion), make or permit, whether voluntarily or involuntarily by operation of law or otherwise, any Accelerating Transfer. If any Accelerating Transfer occurs, Beneficiary in its sole discretion may declare all of the Secured Obligations to be immediately due and payable, and Beneficiary and Trustee may invoke any rights and remedies provided by Article VII of this Deed of Trust.

6.2 Accelerating Transfers.

(a) "Accelerating Transfer" means any sale, contract to sell, conveyance, encumbrance, pledge, mortgage, lease not expressly permitted under this Deed of Trust or the Loan Agreement, or other transfer of all or any material part of the Property or any interest in it, whether voluntary, involuntary, by operation of law or otherwise. If Trustor is a corporation, "Accelerating Transfer" also means any transfer or transfers of shares possessing, in the aggregate, more than fifty percent (50%) of the voting power or more than fifty percent (50%) of the direct or indirect beneficial ownership of Trustor. If Trustor is a partnership, "Accelerating Transfer" also means withdrawal or removal of any general partner, dissolution of the partnership under Washington law, or any transfer or transfers of, in the aggregate, more than fifty percent (50%) of the partnership interests. If Trustor is a limited liability company, "Accelerating Transfer" also means withdrawal or removal of any managing member, termination of the limited liability company or any transfer or transfers of, in the aggregate, more than fifty percent (50%) of the voting power or in the aggregate more than fifty percent (50%) of the ownership of the interest in the Trustor.

(b) Trustor acknowledges that Beneficiary is making one or more advances under the Loan Agreement and/or may also be entering into one or more Swap Contracts in reliance on the expertise, skill and experience of Trustor; thus, the Secured Obligations include material elements similar in nature to a personal service contract. In consideration of Beneficiary's reliance, Trustor agrees that Trustor shall not make any Accelerating Transfer, unless the transfer is preceded by Beneficiary's express written consent to the particular transaction and transferee. Beneficiary may withhold such consent in its sole discretion. If any Accelerating Transfer occurs, Beneficiary in its sole discretion may declare all of the Secured Obligations to be immediately due and payable, and Beneficiary and Trustee may invoke any rights and remedies provided by Section 7.2 of this Deed of Trust. Trustor acknowledges the materiality of the provisions of this Section 6.1 as a covenant of Trustor, given individual weight and consideration by Beneficiary in entering into the Secured Obligations, including any Swap Contracts, and that any Accelerating Transfer in violation of the prohibited transfer provisions herein set forth shall result in a material impairment of Beneficiary's interest in the Property and be deemed a breach of the foregoing covenant.



(c) Trustor acknowledges that Beneficiary is making one or more advances under the Loan Agreement and/or may also be entering into one or more Swap Contracts in reliance on the expertise, skill and experience of Trustor; thus, the Secured Obligations include material elements similar in nature to a personal service contract. In consideration of Beneficiary's reliance, Trustor agrees that Trustor shall not make any Accelerating Transfer, unless the transfer is preceded by Beneficiary's express written consent to the particular transaction and transferee. Beneficiary may withhold such consent in its sole discretion. If any Accelerating Transfer occurs, Beneficiary in its sole discretion may declare all of the Secured Obligations to be immediately due and payable, and Beneficiary and Trustee may invoke any rights and remedies provided by Section 7.2 of this Deed of Trust. Trustor acknowledges the materiality of the provisions of this Section 6.2 as a covenant of Trustor, given individual weight and consideration by Beneficiary in entering into the Secured Obligations, including any Swap Contracts, and that any Accelerating Transfer in violation of the prohibited transfer provisions herein set forth shall result in a material impairment of Beneficiary's interest in the Property and be deemed a breach of the foregoing covenant.

VII. Events of Default; Remedies

7.1 Events of Default. Upon the occurrence of any one or more of the following events, Beneficiary may, by written notice delivered to Trustor, declare a default under this Deed of Trust, and thereupon the same shall constitute an "Event of Default" under this Deed of Trust:

- (a) An Event of Default is declared under the Loan Agreement or any other Loan Document; or
- (b) Trustor fails to perform any obligation to pay money which arises under this Deed of Trust and does not cure that failure within fifteen (15) days after written notice from Beneficiary or Trustee; or
- (c) Trustor makes or permits the occurrence of an Accelerating Transfer in violation of Section 6.1; or
- (d) Any representation or warranty made or given by Trustor in this Deed of Trust proves to be false or misleading in any material respect; or
- (e) Trustor fails to perform any obligation arising under this Deed of Trust other than as provided in clauses (b) through (d) of this Section 7.1, and does not cure that failure within thirty (30) days ("Initial Cure Period") after written notice from Beneficiary or Trustee; or ninety (90) days after that written notice so long as Trustor begins within the Initial Cure Period and diligently continues to cure the failure, and Beneficiary, exercising reasonable judgment, determines that the cure cannot reasonably be completed at or before expiration of the Initial Cure Period;
- (f) A default or Event of Default occurs under any secured or unsecured Swap Contract, whether such Swap Contract may be now existing or in the future arising; or
- (g) A default occurs under the Anacortes Lease.

7.2 Remedies. At any time after an Event of Default, Beneficiary and Trustee shall be entitled to invoke any and all of the rights and remedies described below. 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.



(a) Acceleration. Beneficiary may declare any or all of the Secured Obligations to be due and payable immediately and may terminate any secured or unsecured Swap Contract or any other Loan Document in accordance with its terms.

(b) Receiver. Beneficiary may apply to any court of competent jurisdiction for, and obtain appointment of, a receiver for the Property.

(c) Entry. Beneficiary, in person, by agent or by court-appointed receiver, may enter, take possession of, manage and operate all or any part of the Property, and may also do any and all other things in connection with those actions that Beneficiary may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust. Such other things may include: taking and possessing all of Trustor's or the then owner's books and records; entering into, enforcing, modifying, or canceling leases on such terms and conditions as Beneficiary may consider proper; obtaining and evicting tenants; fixing or modifying rents; collecting and receiving any payment of money owing to Trustor; completing any unfinished construction; and/or contracting for and making repairs and alterations. If Beneficiary so requests, Trustor shall assemble all of the Property that has been removed from the Land and make all of it available to Beneficiary at the site of the Land. Regardless of any provision of this Deed of Trust, any secured or unsecured Swap Contract or any other Loan Document, Beneficiary shall not be considered to have accepted any property other than cash or immediately available funds in satisfaction of any obligation of Trustor to Beneficiary, unless Beneficiary has given express written notice of Beneficiary's election of that remedy in accordance with Washington Uniform Commercial Code RCW Section 62A.9-505 as it may be amended or recodified from time to time.

(d) Cure; Protection of Security. Either Beneficiary or Trustee may cure any breach or default of Trustor, and if it chooses to do so in connection with any such cure, Beneficiary or Trustee may also enter the Property and/or do any and all other things which it may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust. Such other things may include: appearing in and/or defending any action or proceeding which purports to affect the security of, or the rights or powers of Beneficiary or Trustee under, this Deed of Trust; paying, purchasing, contesting or compromising any encumbrance, charge, lien or claim of lien which in Beneficiary's or Trustee's sole judgment is or may be senior in priority to this Deed of Trust, such judgment of Beneficiary or Trustee to be conclusive as among the parties to this Deed of Trust; obtaining insurance and/or paying any premiums or charges for insurance required to be carried under the Loan Agreement; otherwise caring for and protecting any and all of the Property; and/or employing counsel, accountants, contractors and other appropriate persons to assist Beneficiary or Trustee. Beneficiary and Trustee may take any of the actions permitted under this Section 7.2 either with or without giving notice to any person.

(e) Uniform Commercial Code Remedies. Beneficiary may exercise any or all of the remedies granted to a secured party under the Washington Uniform Commercial Code.

(f) Judicial Action. Beneficiary may bring an action in any court of competent jurisdiction to foreclose this instrument or to obtain specific enforcement of any of the covenants or agreements of this Deed of Trust.

(g) Power of Sale. Under this power of sale, Beneficiary shall have the discretionary right to cause some or all of the Property, including any Property which constitutes personal property, to be sold or otherwise disposed of in any combination and in any manner permitted by applicable law.

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(i) Sales of Personal Property.

Beneficiary may dispose of any personal property separately from the sale of real property, in any manner permitted by RCW Article 62A.9 of the Washington Uniform Commercial Code, including any public or private sale, or in any manner permitted by any other applicable law. Any proceeds of any such disposition shall not cure any Event of Default or reinstate any Secured Obligation.

In connection with any sale or other disposition of such Property, Trustor agrees that the following procedures constitute a commercially reasonable sale:

Beneficiary shall mail written notice of the sale to Trustor not later than forty-five (45) days prior to such sale. Once per week during the four weeks immediately preceding such sale, Beneficiary will publish notice of the sale in a local daily newspaper of general circulation. Upon receipt of any written request, Beneficiary will make the Property available to any bona fide prospective purchaser for inspection during reasonable business hours. Notwithstanding, Beneficiary shall be under no obligation to consummate a sale if, in its judgment, none of the offers received by it equals the fair value of the Property offered for sale. The foregoing procedures do not constitute the only procedures that may be commercially reasonable.

(ii) Trustee's Sales of Real Property or Mixed Collateral.

Beneficiary may choose to dispose of some or all of the Property which consists solely of real property in any manner then permitted by applicable law. In its discretion, Beneficiary may also or alternatively choose to dispose of some or all of the Property, 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, as permitted by RCW Section 62A.9-501 of the Washington Uniform Commercial Code. Trustor agrees that such a sale of personal property together with real 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 in accordance with Washington Uniform Commercial Code RCW Section 62A.9-501, will sometimes be referred to as a "Trustee's Sale."

Before any Trustee's Sale, Beneficiary or Trustee shall give such notice of default and election to sell as may then be required by law. When all time periods then legally mandated have expired, and after such notice of sale as may then be legally required has been given, 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. Neither Trustee nor Beneficiary shall have any obligation to make demand on Trustor before any Trustee's Sale. From time to time in accordance with then applicable law, Trustee may, and in any event at Beneficiary's request shall, postpone any Trustee's Sale by public announcement at the time and place noticed for that 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. Trustee shall execute and deliver to the purchaser(s) 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. Any such deed shall be conclusive against all persons as to the facts recited in it.

(h) Single or Multiple Foreclosure Sales. If the Property consists of more than one lot, parcel or item of property, Beneficiary may:

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(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 in Section 7.2(g), 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; or in any other manner Beneficiary may deem to be in its best interests (any such sale or disposition, a "Foreclosure Sale" and any two or more, "Foreclosure Sales").

If Beneficiary chooses to have more than one Foreclosure Sale, Beneficiary 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 in such order as Beneficiary may deem to be in its best interests. No Foreclosure Sale shall terminate or affect the lien of this Deed of Trust on any part of the Property which has not been sold, until all of the Secured Obligations have been paid and performed in full, and all of the Swap Contracts (if any) have been terminated.

7.3 Credit Bids. At any Foreclosure Sale, any person, including Trustor, Trustee or Beneficiary, may bid for and acquire the Property or any part of it to the extent permitted by then applicable law. Instead of paying cash for that property, Beneficiary may settle for the purchase price by crediting the sales price of the property against the following obligations:

(a) first, the portion of the Secured Obligations attributable to the expenses of sale, costs of any action and any other sums for which Trustor is obligated to pay or reimburse Beneficiary or Trustee under Section 5.9; and

(b) second, all other Secured Obligations in any order and proportions as Beneficiary in its sole discretion may choose.

7.4 Application of Foreclosure Sale Proceeds. Beneficiary and Trustee shall apply the proceeds of any Foreclosure Sale in the following manner:

(a) first, to pay the portion of the Secured Obligations attributable to the expenses of sale, costs of any action and any other sums for which Trustor is obligated to reimburse Beneficiary or Trustee under Section 5.9;

(b) second, to pay the portion of the Secured Obligations attributable to any sums expended or advanced by Beneficiary or Trustee under the terms of this Deed of Trust which then remain unpaid;

(c) third, to pay all other Secured Obligations in any order and proportions as Beneficiary in its sole discretion may choose; and

(d) fourth, to remit the remainder, if any, to the person or persons entitled to it.

7.5 Application of Rents and Other Sums. Beneficiary shall apply any and all Rents collected by it pursuant to the assignment provided in Article II of this Deed of Trust, and any and all other sums, other than the proceeds of a Foreclosure Sale, received or collected by Beneficiary, in the following manner:

(a) first, to pay the portion of the Secured Obligations attributable to the costs and expenses of collection of such sums, including reasonable attorneys' fees, that may be incurred by Beneficiary, Trustee and/or any receiver appointed in accordance with this Deed of Trust;

(b) second, to pay any and all Secured Obligations other than provided in clause (a) above, and any and all expenses of leasing, operating,



maintaining and managing the Property and all other costs and charges incident to the Property as provided in Section 2.5 above, and in such order and proportions as Beneficiary in its sole discretion may choose; and

(c) third, to remit the remainder, if any, to the person or persons entitled thereto.

Beneficiary shall have no liability for any funds which it does not actually receive.

VIII. Miscellaneous Provisions.

8.1 Additional Provisions. The Loan Documents, including any Swap Contracts, fully state all of the terms and conditions of the parties' agreement regarding the matters mentioned in or incidental to this Deed of Trust. The Loan Documents also grant further rights to Beneficiary and contain further agreements and affirmative and negative covenants by Trustor which apply to this Deed of Trust and to the Property.

8.2 No Waiver or Cure.

(a) Each waiver by Beneficiary or Trustee must be in writing, and no waiver shall be construed as a continuing waiver. No waiver shall be implied from any delay or failure by Beneficiary or Trustee to take action on account of any default of Trustor. Consent by Beneficiary or Trustee to any act or omission by Trustor shall not be construed as a consent to any other or subsequent act or omission or to waive the requirement for Beneficiary's or Trustee's consent to be obtained in any future or other instance.

(b) If any of the events described below occurs, that event alone shall not: cure or waive any breach, Event of Default or notice of default under this Deed of Trust or invalidate any act performed pursuant to any such default or notice; or nullify the effect of any notice of default or sale (unless all Secured Obligations then due have been paid and performed and all other defaults under the Loan Documents, including any Swap Contracts, have been cured); or impair the security of this Deed of Trust; or prejudice Beneficiary, Trustee or any receiver in the exercise of any right or remedy afforded any of them under this Deed of Trust; or be construed as an affirmation by Beneficiary of any tenancy, lease or option, or a subordination of the lien of this Deed of Trust.

(i) Beneficiary, its agent or a receiver takes possession of all or any part of the Property in the manner provided in subsection 7.2(c).

(ii) Beneficiary collects and applies Rents as permitted under Sections 2.3 and 7.5, either with or without taking possession of all or any part of the Property.

(iii) Beneficiary receives and applies to any Secured Obligation any proceeds of any Property, including any proceeds of insurance policies, condemnation awards, or other claims, property or rights assigned to Beneficiary under Section 5.5.

(iv) Beneficiary makes a site visit, observes the Property and/or conducts tests as permitted under Section 5.13.

(v) Beneficiary receives any sums under this Deed of Trust or any proceeds of any collateral held for any of the Secured Obligations, and applies them to one or more Secured Obligations.

(vi) Beneficiary, Trustee or any receiver invokes any right or remedy provided under this Deed of Trust.

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8.3 Powers of Beneficiary and Trustee.

(a) Trustee shall have no obligation to perform any act which it is empowered to perform under this Deed of Trust unless it is requested to do so in writing and is reasonably indemnified against loss, cost, liability and expense.

(b) If either Beneficiary or Trustee performs any act which it is empowered or authorized to perform under this Deed of Trust, including any act permitted by Section 5.7 or Section 7.2(d), that act alone shall not release or change the personal liability of any person for the payment and performance of the Secured Obligations then outstanding, or the lien of this Deed of Trust on all or the remainder of the Property for full payment and performance of all outstanding Secured Obligations. The liability of the original Trustor shall not be released or changed if Beneficiary grants any successor in interest to Trustor any extension of time for payment, or modification of the terms of payment, of any Secured Obligation. Beneficiary shall not be required to comply with any demand by the original Trustor that Beneficiary refuse to grant such an extension or modification to, or commence proceedings against, any such successor in interest.

(c) Beneficiary may take any of the actions permitted under Sections 7.2(b) and/or 7.2(c) 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 Deed of Trust.

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

8.5 Joint and Several Liability. If Trustor consists of more than one person, each shall be jointly and severally liable for the faithful performance of all of Trustor's obligations under this Deed of Trust.

8.6 Applicable Law. This Deed of Trust shall be governed by Washington law.

8.7 Successors in Interest. The terms, covenants and conditions of this Deed of Trust shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties. However, this Section [8.7] does not waive the provisions of Section 6.1.

8.8 Interpretation. Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the sections of this Deed of Trust are for convenience only and do not define or limit any terms or provisions. The word "include(s)" means "include(s), without limitation," and the word "including" means "including, but not limited to." The word "obligations" is used in its broadest and most comprehensive sense, and includes all primary, secondary, direct, indirect, fixed and contingent obligations. It further includes all principal, interest, prepayment charges, late charges, loan fees and any other fees and charges accruing or assessed at any time, as well as all obligations to perform acts or satisfy conditions. No listing of specific instances, items or matters in any way limits the scope or generality of any language of this Deed of Trust. The Exhibits to this Deed of Trust are hereby incorporated in this Deed of Trust. Any capitalized words which are defined in the Loan Agreement are used in this Deed of Trust as so defined.

8.9 In-House Counsel Fees. Whenever Trustor is obligated to pay or reimburse Beneficiary or Trustee for any attorneys' fees, those fees shall include the allocated costs for services of in-house counsel.

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

8.11 Severability. If any provision of this Deed of Trust should be held unenforceable or void, that provision shall be deemed severable from the remaining provisions and in no way affect the validity of this Deed of Trust except that if such provision relates to the payment of any monetary sum, then Beneficiary may, at its option, declare all Secured Obligations immediately due and payable.

8.12 Notices. Any Trustor whose address is set forth below hereby requests that a copy of notice of default and notice of sale be mailed to it at that address. If any Trustor fails to insert an address, that failure shall constitute a designation of Trustor's last known address as the address for such notice.

IX. [Intentionally Omitted]

X.

10.1 General Leasehold Representations, Warranties and Covenants.

(a) With respect to the Anacortes Lease, Trustor hereby warrants and represents as follows: (i) the Anacortes Lease is in full force and effect, unmodified by any writing or otherwise, except as specifically set forth in Exhibit A; (ii) all rent, additional rent and other charges have been paid to the extent they are payable to the date hereof; (iii) Trustor enjoys the quiet and peaceful possession of the property demised thereby and Trustor warrants the quiet and peaceful possession of Trustee for the benefit of Beneficiary for so long as this Deed of Trust is in effect and further warrants and agrees to defend the leasehold estate under the Anacortes Lease for the remainder of the term set forth therein, against each and every person claiming the same or any part thereof; (iv) Trustor is not in default under any of the terms thereof and, to the best of its knowledge, there are no circumstances which, with the passage of time or the giving of notice or both, would constitute a default thereunder; and (v) the landlord under the Anacortes Lease is not in default under any of the terms or provisions thereof on the part of the landlord to be observed or performed.

(b) Further, with respect to the Anacortes Lease, Trustor covenants and agrees as follows: (i) to promptly pay after the same shall become due, but before delinquency, and secure proper receipts for all rents, taxes, assessments, charges and such other sums or amounts as are provided to be paid by Trustor under the provisions of the Anacortes Lease and likewise to promptly and faithfully observe, perform and comply with all of the other terms, covenants and provisions of the Anacortes Lease on Trustor's part to be observed, performed and complied with, at the times set forth therein and to do all other things necessary to preserve and keep unimpaired the rights of Trustor under the Anacortes Lease; (ii) not to do, permit, suffer or refrain from doing anything, as a result of which, there could be a default under or breach of any of the terms thereof; (iii) not to terminate, cancel, surrender, modify, amend or in any way alter or permit the alteration of any of the terms thereof without the prior written consent of Beneficiary and any such termination, cancellation, modification, change, supplement, amendment or alteration of the Anacortes Lease made, suffered to be made, or consented to by Trustor without the prior written consent thereto on the part of Beneficiary being first had and obtained, shall be void and of no force or effect; (iv) to give Beneficiary immediate written notice of any default by anyone thereunder and to promptly deliver to Beneficiary copies of each notice of default received or delivered by Trustor in connection

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therewith and to give Beneficiary immediate written notice of the occurrence of any event, which, with or without the lapse of time or the giving of notice, would constitute a default on the part of the lessor under the Anacortes Lease; and (v) to furnish to Beneficiary such information and evidence as Beneficiary may require concerning Trustor's due observance, performance and compliance with the terms, covenants, and provisions thereof.

(c) In the event of any default by Trustor in the performance of any of its obligations under the Anacortes Lease, including, without limitation, any default in the payment of rent and other charges and impositions made payable by the tenant thereunder, then, in each and every case, Beneficiary may, at its option, cause the default or defaults to be remedied and otherwise exercise any and all of the rights of Trustor thereunder in the name of, and on behalf of, Trustor. Trustor shall, on demand, reimburse Beneficiary for all advances made and expenses incurred by Beneficiary incurring any such default (including, without limitation, reasonable attorneys' fees), together with interest thereon computed at the rate set forth in each Note (with respect to each Lender's applicable Pro Rata Share as set forth in the Loan Agreement) from the date that an advance is made or expense is paid to and including the date the same is paid.

(d) Trustor shall give Beneficiary notice of its intention to exercise each and every option to extend the term of the Anacortes Lease, at least twenty (20) but not more than sixty (60) days prior to the expiration of the time to exercise such option under the terms thereof. If Trustor intends to extend the term of the Anacortes Lease, it shall deliver to Beneficiary with the notice of such decision, a copy of the notice extension delivered to the landlord thereunder. Notwithstanding the foregoing to the contrary, Trustor shall exercise any option to renew or extend the Anacortes Lease if, at the time such option becomes exercisable, any indebtedness secured hereby has not been fully paid and discharged and Trustor shall give written confirmation thereof to Beneficiary within the time frame set forth in this paragraph (d); and Trustor hereby irrevocably appoints Beneficiary as its attorney-in-fact, with power of substitution, to exercise such option on behalf of Trustor if Trustor is required under the foregoing provisions to exercise said option but for any reason fails or refuses to exercise said option within a reasonable time prior to the expiration of Trustor's time to exercise the option.

(e) It is hereby agreed that the fee title, the leasehold estate and the subleasehold estates in the property demised by the Anacortes Lease shall not merge but shall always be kept separate and distinct, notwithstanding the union of said estates in either the landlord thereunder, Trustor or a third party, whether by purchase or otherwise. Not less than sixty (60) nor more than ninety (90) days prior to the date of the exercise of any option or other right to purchase the Premises, or any part thereof, Trustor shall notify Beneficiary of the existence of such option or right. At least twenty (20) but not more than sixty (60) days prior to the expiration of the time to exercise such option or right, Trustor shall give Beneficiary notice of its intention to exercise such option or right. If Trustor intends to purchase, it shall deliver to Beneficiary with the notice of such decision, a copy of the notice of purchase delivered to the appropriate party. If Trustor does not intend to purchase, then Trustor will be deemed to have assigned the option to Beneficiary, who may purchase the Premises in Beneficiary's name, subject to the Anacortes Lease, which will remain in full force and effect subject to its terms. If Trustor acquires the fee title or any other estate, title or interest in the property demised by the Anacortes Lease, or any part thereof, the lien of this Deed of Trust shall automatically attach to, cover and be a lien upon such acquired estate, title or interest and same shall thereupon be and become a part of the Property with the same force and effect as if specifically encumbered herein. Trustor agrees to execute all instruments and documents which Beneficiary may require to ratify, confirm and further evidence Beneficiary's lien on the acquired estate, title or interest. Furthermore, for such purpose Trustor hereby appoints Beneficiary its true and lawful attorney-in-fact to execute and deliver all such instruments and documents

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in the name and on behalf of Trustor. This power, being coupled with an interest, shall be irrevocable as long as any amounts secured hereby remain unpaid.

(f) If the Anacortes Lease is canceled or terminated, and if Beneficiary or its nominee shall acquire an interest in any new lease of the property demised thereby, Trustor shall have no right, title or interest in or to the new lease or the leasehold estate created by such new lease.

(g) Trustor shall obtain and deliver to Beneficiary within twenty (20) days after written demand by Beneficiary an estoppel certificate from the landlord under the Anacortes Lease setting forth (i) the name of the tenant thereunder, (ii) that the Anacortes Lease has not been modified or, if it has been modified, the date of each modification (together with copies of each such modification), (iii) the basic rent payable under the Anacortes Lease, (iv) the date to which all rental charges have been paid by the tenant under the Anacortes Lease, and (v) whether there are any alleged defaults of the tenant under the Anacortes Lease and, if there are, setting forth the nature thereof in reasonable detail.

(h) Trustor covenants and agrees that neither Trustor nor its trustee in bankruptcy shall permit or seek the rejection or termination of the Anacortes Lease pursuant to 11 U.S.C. without the prior written consent of Beneficiary.

10.2 Lease Bankruptcy Covenants. Trustor covenants, warrants and agrees to act with Beneficiary and Trustee as follows:

(a) Trustor hereby unconditionally assigns, transfers, and sets over to Beneficiary all of Trustor's claims and rights to any damages arising from any rejection of the Anacortes Lease by the lessor under the Anacortes Lease pursuant to the Bankruptcy Code (11 U.S.C. § 101 et seq. (the "Bankruptcy Code")). Beneficiary shall have the right to proceed in its own name or in the name of Trustor with respect to any claim, suit, action, or proceeding relating to the rejection of the Anacortes Lease by the lessor, including, but not limited to, the right to file and prosecute on any case under the Bankruptcy Code, to the exclusion of Trustor, any proofs of claim, complaints, motions, applications, notices, or other documents; provided that the foregoing shall not be construed to require Beneficiary to incur an expense or take any action relating to the rejection of the Anacortes Lease by the lessor. This assignment constitutes a present, irrevocable, and unconditional assignment of the foregoing claims and rights, and shall continue in effect until all of the indebtedness and obligations secured by this Deed of Trust have been satisfied and discharged in full. Any amounts received by Beneficiary as damages from the lessor's rejection of the Anacortes Lease shall be applied first to the payment of all costs and expenses (including, but not limited to, legal fees and disbursements) paid or incurred by Beneficiary in obtaining such damages and then to the payment of the indebtedness and obligations secured by this Deed of Trust, in any order that Beneficiary chooses. Upon demand, Trustor shall pay to Beneficiary all of the foregoing costs and expenses not satisfied by the amounts received by Beneficiary as damages. Any such costs or expenses not paid by Trustor upon demand shall be added to the indebtedness secured by this Deed of Trust, shall bear interest at the Default Rate (as defined in the Loan Agreement), and shall be secured by the lien of this Deed of Trust.

(b) The lien of this Deed of Trust shall attach to all of Trustor's rights and remedies at any time arising under or pursuant to Section 365(h) of the Bankruptcy Code (11 U.S.C. § 365(h)), including, but not limited to, all of Trustor's rights to remain in possession of the Land.

(c) Trustor shall not elect to treat the Anacortes Lease as terminated under Section 365(h)(1) of the Bankruptcy Code (11 U.S.C. § 365(h)(1))

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without Beneficiary's prior written consent. Any such election without Beneficiary's prior written consent shall be void and of no force or effect.

(d) If, pursuant to Section 365(h)(2) of the Bankruptcy Code (11 U.S.C. § 365(h)(2)), Trustor seeks to offset against the rent reserved in the Anacortes Lease the amount of any damages caused by the non-performance by the lessor under the Anacortes Lease of any of such lessor's obligations under the Anacortes Lease after the rejection by such lessor of the Anacortes Lease pursuant to the Bankruptcy Code, Trustor, prior to making such offset, shall notify Beneficiary of Trustor's intent to do so, setting forth the amounts proposed to be offset and the basis for such offset. Beneficiary shall have the right to object to all or any part of such offset, and, in the event of such objection, Trustor shall not offset any of the amounts objected to by Beneficiary. If Beneficiary has failed to object to Trustor's proposed offset within ten (10) days after notice from Trustor in accordance with the first sentence of this paragraph, Trustor may proceed to offset all or any part of the amounts set forth in Trustor's notice. Neither Beneficiary's failure to object to Trustor's proposed offset, nor any objection or other communication between Beneficiary and Trustor relating to such offset shall constitute an approval of any such offset by Trustor. Trustor shall defend and hereby indemnifies and holds Beneficiary harmless from and against any and all claims, demands, actions, suits, proceedings, damages, losses, costs, and expenses of every nature whatsoever (including, but not limited to, legal fees and disbursements) arising from or relating to any offset by Trustor against the rent reserved in the Anacortes Lease.

(e) In the event any action, proceeding, motion, or notice shall be commenced or filed with respect to Trustor, the Anacortes Lease, or the Property in connection with any case under the Bankruptcy Code, Beneficiary shall have the option, to the exclusion of Trustor, exercisable upon notice from Beneficiary to Trustor, to conduct and control any such litigation with counsel of Beneficiary's choice. Beneficiary may proceed in its own name or in the name of Trustor in connection with any such litigation, and Trustor shall execute any and all powers, authorizations, consents, and other documents required by Beneficiary in connection therewith. Upon demand, Trustor shall pay to Beneficiary all costs and expenses (including, but not limited to, legal fees and disbursements) paid or incurred by Beneficiary in connection with the prosecution or conduct of any such litigation. Any such costs or expenses not paid by Trustor upon demand shall be added to the indebtedness secured by this Deed of Trust, shall bear interest at the Default Rate, and shall be secured by the lien of this Deed of Trust. Trustor shall not commence any action, suit, proceeding, or case, or file any application or make any motion, with respect to the Anacortes Lease in any such case under the Bankruptcy Code without the prior written consent of Beneficiary.

(f) Trustor promptly shall notify Beneficiary of any information Trustor receives about any filing by or against the lessor under the Anacortes Lease of a petition under the Bankruptcy Code. Trustor shall provide all information available to Trustor as of the date of such filing, including, but not limited to, the court in which such petition was filed and the relief sought therein. Trustor promptly shall deliver to Beneficiary copies of any and all notices, summons, pleadings, applications, and other documents received by Trustor in connection with any such petition and any proceedings relating to such petition.

(g) In the event there is filed by or against Trustor a petition under the Bankruptcy Code, and Trustor, as lessee under the Anacortes Lease, shall determine to reject the Anacortes Lease pursuant to Section 365(a) of the Bankruptcy Code (11 U.S.C. § 365(a)), Trustor shall give Beneficiary not less than ten (10) days' prior notice of the date on which Trustor shall apply to the bankruptcy court for authority to reject the Anacortes Lease. Beneficiary shall have the right, but not the obligation, to serve upon Trustor within such ten-day



period a notice stating that (i) Beneficiary demands that Trustor assume and assign the Anacortes Lease to Beneficiary pursuant to Section 365 of the Bankruptcy Code, and (ii) Beneficiary covenants to cure or provide adequate assurances of future performance under the Anacortes Lease. If Beneficiary serves upon Trustor the notice described in the preceding sentence of this paragraph, Trustor shall not seek authorization to reject the Anacortes Lease and shall comply with the demand provided for in clause (i) of the preceding sentence within thirty (30) days after the notice shall have been served upon Trustor, subject to the performance by Beneficiary of the covenant provided for in clause (ii) of the preceding sentence. Effective upon the entry of an order for relief with respect to Trustor under the Bankruptcy Code, Trustor hereby assigns and transfers to Beneficiary a non-exclusive right to apply to the bankruptcy court for an order extending the period during which the Anacortes Lease may be reject or assumed.

XI. Non-Agricultural. The Property is not used principally for agricultural purposes within the meaning of RCW 61.24.030(2).

XII. Business Loan. The credit being extended pursuant to the Loan Documents is primarily for commercial, investment or business purposes, and is not for personal, family or household purposes.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN
MONEY, EXTEND CREDIT OR FOREBEAR FROM
ENFORCING REPAYMENT OF A DEBT ARE NOT
ENFORCEABLE UNDER WASHINGTON LAW. RCW
19.36.140.

Address Where Notices
to Trustor Are to be Sent:

Trident Seafoods Corporation
5303 Shilshole Avenue, N.W.
Seattle, Washington 98107
Attention: Mr. Steve Okerlund

Address Where
Notices to Beneficiary
Are to be Sent:

Bank of America, N.A.
231 South LaSalle Street
9th Floor
Chicago, Illinois 60697
Attention: Thomas F. Scharfenberg

Address Where
Notices to Trustee
Are to be Sent:

Chicago Title Insurance Company
701 Fifth Avenue
Suite 1800
Seattle, Washington 98104

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WASHINGTON DEED OF TRUST

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the date first above written.

TRUSTOR:

TRIDENT SEAFOODS CORPORATION,
a Washington corporation

By: Chuen H. Bunker
Its: President

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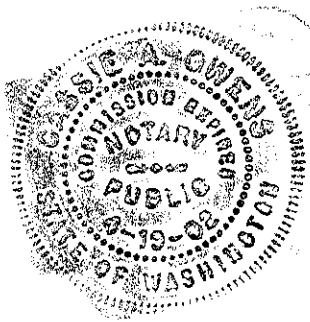
WASHINGTON DEED OF TRUST

[Washington Notary]

State of Washington)
County of King) :ss

On this 10 day of December, 1999, before me personally appeared Charles H. Bundiant, to me known to be the President of the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.



Cassie A. Owens
Notary Public

CASSIE A. OWENS
Print or Type Name of Notary Public

(SEAL)

Notary Public in and for the state of Washington, residing at

Seattle
my commission expires: 4-19-02

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WASHINGTON DEED OF TRUST



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Kathy Hill, Skagit County Auditor

Exhibit A-1 to LEASEHOLD DEED OF TRUST executed as of November 1, 1999,
by Trident Seafoods Corporation, a Washington corporation as "Trustor" to
Chicago Title Insurance Company as "Trustee" for the benefit of Bank of
America, N.A. as "Beneficiary."

Description of Lease

[Attached]

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WASHINGTON DEED OF TRUST



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That certain Aquatic Resources Lease No. 22-002706, by and between the State of Washington, acting in its proprietary capacity by and through the Department of Natural Resources, as lessor, and Trident Seafoods Corporation, as lessee, dated November 16, 1995, and recorded September 10, 1999, in the Official Records of Skagit County, Washington, under Auditor's No. 199909100131.

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Exhibit A-2 to LEASEHOLD DEED OF TRUST executed as of November 1, 1999,
by TRIDENT SEAFOODS CORPORATION, a Washington corporation as "Trustor" to
CHICAGO TITLE INSURANCE COMPANY as "Trustee" for the benefit of Bank of
America, N.A. as "Beneficiary."

Description of Property

[Attached]

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WASHINGTON DEED OF TRUST

UNOFFICIAL DOCUMENT

All of the Harbor area lying in front of Tracts 2, 3, and 4, the East Half of "K" Avenue, all of vacated "L" Avenue, all of vacated "M" Avenue, and the West Half of "N" Avenue as shown on Plate 8 of Anacortes Tidelands on file in the Office of the Commissioner of Public Lands in Olympia, Washington; bounded by the outer Harbor line on the North, the inner Harbor line on the South, the centerline of "K" Avenue extended Northerly on the West and centerline of "N" Avenue extended Northerly on the East.

Situate in Skagit County, Washington.

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SCHEDULE 1

List of Financial Institutions

[See Attached]

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WASHINGTON DEED OF TRUST

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LIST OF FINANCIAL INSTITUTIONS

BANK OF AMERICA, N.A.

U.S. BANK OF WASHINGTON, NATIONAL ASSOCIATION

KEYBANK NATIONAL ASSOCIATION

THE BANK OF NOVA SCOTIA

COÖPERATEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. "RABOBANK
NEDERLAND" NEW YORK BRANCH

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

ALLSTATE LIFE INSURANCE COMPANY

GENERAL ELECTRIC CAPITAL ASSURANCE COMPANY f/k/a GREAT NORTHERN
INSURED ANNUITY CORPORATION

GE LIFE AND ANNUITY ASSURANCE COMPANY f/k/a THE HARVEST LIFE
INSURANCE COMPANY

MINNESOTA LIFE INSURANCE COMPANY

PACIFIC LIFE INSURANCE COMPANY

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SCHEDULE 2

List of Currently Outstanding Notes

[See Attached]

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WASHINGTON DEED OF TRUST

Schedule of Notes

1. That certain promissory note made by Trident Seafoods Corporation, a Washington corporation (the "Company") payable to the order of The Northwestern Mutual Life Insurance Company in the original principal amount of \$20,000,000.
2. That certain promissory note made by the Company payable to the order of Allstate Life Insurance Company in the original principal amount of \$15,000,000.
3. That certain promissory note made by the Company payable to the order of General Electric Capital Assurance Company, f/k/a Great Northern Insured Annuity Corporation in the original principal amount of \$10,000,000.
4. That certain promissory note made by the Company payable to the order of GE Life and Annuity Assurance Company, f/k/a The Harvest Life Insurance Company in the original principal amount of \$5,000,000.
5. That certain promissory note made by the Company payable to the order of Minnesota Life Insurance Company in the original principal amount of \$10,000,000.
6. That certain promissory note made by the Company payable to the order of Pacific Life Insurance Company in the original principal amount of \$10,000,000.

All those promissory notes executed by the Company in favor of the Lenders under the Commitments set forth on the attached chart.

Commitments and Applicable Lending Offices

<u>Name of Bank</u>	<u>Revolving Commitment</u>	<u>Interim Loan Commitment</u>	<u>Term Loan A Commitment</u>	<u>Domestic Lending Office</u>	<u>Eurodollar Lending Office</u>
Bank of America, N.A.	\$23,809,524	\$11,904,762	\$14,285,714	901 Main Street 13th Floor Dallas, TX 75202 Fax: 214-508-2991	901 Mains Street 13th Floor Dallas, TX 75202
U.S. Bank of Washington, National Association	\$23,809,524	\$11,904,762	\$14,285,714	1420 Fifth Avenue 11th Floor Seattle, WA 98111 Fax: 206-344-7860	1420 Fifth Avenue 11th Floor Seattle, WA 98111
KeyBank National Association	\$23,809,524	\$11,904,762	\$14,285,714	700 Fifth Avenue 46th Floor Seattle, WA 98104 Fax: 206-684-6035	700 Fifth Avenue 46th Floor Seattle, WA 98104

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The Bank of Nova Scotia	\$14,285,714	\$7,147,857	\$8,571,429	600 Peachtree Street, N.E., Suite 2700 Atlanta, GA 30308 Fax: 404-888-8998	600 Peachtree Street, N.E., Suite 2700— Atlanta, GA 30308
"Rabobank Nederland"	\$14,285,714	\$7,147,857	\$8,571,429	245 Park Avenue New York, NY 10167 Fax: 212-916-7930 Copies of Notices regarding Borrowings to: c/o Rabo Support Services, Inc. 10 Exchange Place 16th Floor Jersey City, NJ 07302 Fax: 201-499-5326	245 Park Avenue Corporate Services Department New York, NY 10167

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