

After Recording Mail to:



200908030122

Skagit County Auditor

8/3/2009 Page

1 of 25 3:37PM

STANDARD INSURANCE COMPANY

c/o StanCorp Mortgage Investors, LLC
Loan Closing Department, T3A
19225 NW Tanasbourne Drive
Hillsboro, OR 97124
Attn: Regan Ransom
SIC Loan No.: A9060801

Please print or type information

Document Title(s) (or transaction contained therein):	GUARDIAN NORTHWEST TITLE CO. 97744-1
1. Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing	
Grantor(s) (Last name first, then first name and initials): 1. Nelsen Burlington, LLC, a Washington limited liability company, as to Parcel A, and Nelsen Burlington B, LLC, a Washington limited liability company, as to Parcel B	
FIRST AMERICAN TITLE CO : TRUSTEE Grantee(s) Last name first, then first name and initials): 1. Standard Insurance Company, an Oregon corporation	
Legal Description (Abbreviated: i.e. lot, block, plat or section, township, range): Lot 1, Section 5, Township 34 North, Range 4 East; Lot 2, Section 5, Township 34 North, Range 4 East Additional legal description is on page 24 of document	
Assessor's Property Tax Parcel/Account Number: Parcel A 8031-000-001-0000 (P117980); Parcel B 8031-000-002-0000 (P117981)	
The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.	

WHEN RECORDED MAIL TO:

STANCORP MORTGAGE INVESTORS, LLC
19225 NW TANASBOURNE DRIVE
HILLSBORO, OR 97124

ATTN: **COMPLIANCE, T3A**
SIC Loan No. **A9060801**

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

THIS DEED OF TRUST made this **July 22, 2009**, is among **Nelsen Burlington, LLC**, a Washington limited liability company, as to **Parcel A**, and **Nelsen Burlington B, LLC**, a Washington limited liability company, as to **Parcel B** ("Grantor"), and **First American Title Insurance Company**, a(n) California corporation ("Trustee"), and **Standard Insurance Company**, an Oregon corporation ("Beneficiary").

The Tax Account Number(s) for the property subject to the lien of this instrument are/is: **Parcel A 8031-000-001-0000 (P117980); Parcel B 8031-000-002-0000 (P117981)**. Commonly known as: **1220 South Burlington Boulevard, 1240 South Burlington Boulevard, Burlington, Washington, 98233**

Notice to Recorder: THIS DOCUMENT CONSTITUTES A FIXTURE FILING IN ACCORDANCE WITH THE UNIFORM COMMERCIAL CODE.

Grantor's organizational number: 602-123-045; 602-373-077.

Grantor irrevocably grants, bargains, conveys and sells to Trustee, and its successors and assigns, in trust, with power of sale and with right of entry and possession, that property in the City of **Burlington**, County of **Skagit**, State of Washington, described above ("Real Property"):



See Exhibit "A" attached hereto and by this reference made a part hereof for legal description.

Together with the following and all proceeds thereof: (a) all rents, income, contract rights, issues and profits now due or which may become due under or by virtue of any lease, rental agreement or other contract, whether written or oral, for the use or occupancy of the Real Property, or any part thereof, together with all tenant security deposits, subject, however, to the right, power and authority hereinafter given to and conferred upon Grantor to collect and apply such rents, issues, income, contract rights, security deposits and profits prior to any default hereunder; (b) all buildings and improvements now or hereafter thereon, and all appurtenances, easements, rights in party walls, water and water rights, pumps and pumping plants and all shares of stock evidencing the same; (c) all fixtures and property now or hereafter attached to or used in the operation of the Real Property, including but not limited to machinery, equipment, appliances and fixtures for generating or distributing air, water, heat, electricity, light, fuel or refrigeration, or for ventilating or sanitary purposes, or for the exclusion of vermin or insects, or for the removal of dust, refuse or garbage, all wallbeds, wallsafes, built-in furniture and installations, shelving, lockers, partitions, door stops, vaults, elevators, dumbwaiters, awnings, window shades, venetian blinds, light fixtures, fire hoses and brackets and boxes for same, fire sprinklers, alarm systems, drapery rods and brackets, screens, linoleum, carpets, plumbing, laundry tubs and trays, ice boxes, refrigerators, heating units, stoves, water heaters, incinerators, communication systems and all installations for which any such building is specifically designed; (d) all awards, compensation and settlements in lieu thereof made as a result of the taking by power of eminent domain of the whole or any part of the Real Property; (e) all trade names by which all or any part of the Real Property is known, any books and records relating to the use and operation of all or any portion of the Real Property, all present and future plans and specifications and contracts relevant to the design, construction, management or inspection of any construction of any improvements on the Real Property and all present and future licenses, permits, approvals and agreements with or from any municipal corporation, county, state or other governmental or quasi-governmental entity relevant to the development, improvement or use of all or any portion of the Real Property; and (f) all rights of Grantor in and to any escrow or withhold agreements, surety bonds, warranties, management contracts, leasing or sales agreements with any real estate agents or brokers, and service contracts with any entity, which are in any way relevant to the development, improvement, leasing, sale or use of the Real Property or any personal property located thereon; and all of said items whether now or hereafter installed being hereby declared to be, for all purposes of this Deed of Trust, a part of the realty; and all the estate, interest or other claim or demand, including insurance, in law as well as in equity, which Grantor now has or may hereafter acquire, in and to the aforesaid property; the specific enumerations herein not excluding the general. The Real Property and all of the foregoing shall constitute the "Property".

This Deed of Trust is made for the purpose of securing, in such order of priority as Beneficiary may elect: (a) payment of the indebtedness in the sum of **\$1,580,000.00** evidenced by that certain Note of even date herewith the signers of which are hereinafter collectively referred to as "Borrower", delivered to Beneficiary and payable to its order, with final payment due on the **first day of August, 2030** which is the maturity date of this Deed of Trust, and any and all modifications, extensions or renewals thereof, whether hereafter evidenced by the Note or



otherwise ("Note"); (b) payment of interest on said indebtedness according to the terms of the Note; (c) payment of all other sums, with interest as herein provided, becoming due and payable under the provisions hereof to Trustee or Beneficiary; (d) performance of each and every condition, obligation, covenant, promise and agreement of Grantor contained herein, or in the Note, or in any loan agreement relative to any indebtedness evidenced by the Note ("Loan"), or in any security agreement or deed of trust at any time given to secure any indebtedness hereby secured or any part thereof; and (e) payment of such additional sums with interest thereon as may be hereafter advanced by or borrowed from the Beneficiary, its successors or assigns, by the then record owner or owners of the Property when evidenced by another promissory note or notes which are by the terms thereof secured by this Deed of Trust. To the extent permitted by law, any sums hereafter advanced by or borrowed from Beneficiary, its successors or assigns, shall have the same priority as the original sums advanced by Beneficiary and secured hereby.

Grantor's Covenants and Warranties. Grantor hereby warrants that: (a) Grantor is the owner in fee simple absolute of the Property and every part thereof; (b) the Property is free, and will be kept free, from all liens and encumbrances, except those accepted by Beneficiary in writing, and Grantor will defend the title hereby granted to and in favor of Trustee and Beneficiary as against all and every person claiming or to claim the same; (c) the Loan proceeds are not for use primarily for personal, family or household purposes; (d) to the best of Grantor's knowledge after due inquiry into previous ownership and use of the Property, there are no Hazardous Substances (as defined below) located on the Property and Grantor will not place or permit to be placed on the Property any Hazardous Substances (as defined below), except in minor quantities as necessary for the operation and maintenance of the Property, used and stored in accordance with applicable law, or in the form of consumer products held for retail sale in sealed containers; (e) the Property is zoned for the existing or contemplated use of the Property; (f) the Property is in compliance with all zoning, subdivision, and environmental laws, regulations, and ordinances applicable thereto; all deed restrictions, subdivision and building ordinances and other applicable governmental laws (including the Fair Housing Act and the Americans With Disabilities Act, as each is amended from time to time) have been fully complied with; and Grantor has all licenses and permits required by governmental authorities with respect to the Property, its operation, improvement and use; (g) the Property has indefeasible access to public rights of way as now improved and open to public passage, and is not encroached upon by improvements or rights of others, nor do the improvements on the Property encroach upon the property of others; (h) there are no actions, lawsuits, or other proceedings pending or threatened against or affecting the Property or Borrower which might adversely affect the ability of Borrower to perform its obligations under the Note or other documents which evidence or secure the Loan ("Loan Documents"), or which might adversely affect the priority of Beneficiary's first lien on the Property; (i) consummation of the Loan secured hereby and performance under the Loan Documents will not conflict with or result in a breach of any law, regulation or court order applicable to Borrower or the Property; (j) no condemnation proceeding is pending or, to the knowledge of Grantor, threatened with respect to the Property; (k) there has been no material adverse change in the financial condition of Grantor or Borrower which might adversely affect the ability of Grantor or Borrower to perform its obligations under the Loan Documents, or which might adversely affect the priority of Beneficiary's first lien on the Property; (l) all services and utilities, such as water, electricity and



sewer, are available to the Property; and (m) with respect to each Grantor who is an individual, no part of the Property constitutes any part of Grantor's business homestead or residential homestead. As used in this Deed of Trust, Hazardous Substances means: (a) any "hazardous waste" as defined in the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901 *et seq.*), as amended from time to time, and regulations promulgated thereunder; (b) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 *et seq.*), as amended from time to time, and regulations promulgated thereunder; (c) radon, asbestos, polychlorinated biphenyls (PCB's), explosives, radioactive substances, and material quantities of petroleum products; (d) any substance the presence of which on the Property is regulated by any federal, state or local law relating to the protection of the environment or public health; and (e) any other substance which by law requires special handling in its collection, storage, treatment or disposal. As used in this Deed of Trust, "Hazardous Substance Activity" means the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Property of Hazardous Substances by Grantor, Grantor's agents, or any tenant or sublessee occupying part or all of the Property, except in minor quantities as necessary for the operation and maintenance of the Property, used and stored in accordance with applicable law, or in the form of consumer products held for retail sale in sealed containers.

A. Grantor agrees as follows:

1. **Payment of Indebtedness; Performance of Covenants.** Grantor shall pay each and every installment of principal and interest on the Note and all other indebtedness secured hereby, as and when the same shall become due, and perform and observe all of the covenants, agreements and provisions contained herein, in the Note and any other instrument given as security for the payment of the Note.

2. **Maintenance; Compliance; Inspection.** Grantor shall: keep the Property in good condition and repair; not permit or suffer any extraordinary repairs or removal or demolition of, or a structural change in any building, fixture, equipment, or other improvement on the Property; comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property or requiring any alteration or improvements to be made thereon (including the Fair Housing Act and the Americans With Disabilities Act, as each is amended from time to time); not commit or permit waste thereon; not commit, suffer or permit any act upon the Property in violation of law; cultivate, irrigate, fertilize, prune and do all other acts which from the character or use of the Property may be reasonably necessary, the specific enumeration herein not excluding the general; and keep the Property free from all encumbrances, except those accepted by Beneficiary in writing. Grantor shall permit Beneficiary, or its agents, upon reasonable prior notice, to inspect the Property, including the interior of any structure.

3. **Hazardous Waste and Substances; Environmental Requirements.**

(a) Grantor shall comply with all laws, governmental standards and regulations applicable to Grantor or to the Property in connection with occupational health and safety, hazardous waste and substances, and environmental matters. Grantor



shall promptly notify Beneficiary of its receipt of any notice of: (i) a violation of any such law, standard or regulation; (ii) all claims made or threatened by any third party against Grantor or the Property relating to any loss or injury resulting from any Hazardous Substances; and (iii) Grantor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any environmental law. The use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Property of Hazardous Substances by Grantor, Grantor's agents, or any tenant or sublessee occupying part or all of the Property, except in minor quantities as necessary for the operation and maintenance of the Property, used and stored in accordance with applicable law, or in the form of consumer products held for retail sale in sealed containers, shall be an Event of Default (defined below) under this Deed of Trust, and Grantor shall not engage in or permit such activities or events to occur upon the Property.

- (b) Grantor shall defend, indemnify and hold Beneficiary, its directors, officers, employees, agents, successors and assigns harmless from all loss, cost, damage, claim and expense (including attorney fees and costs, whether at trial, on appeal or otherwise) incurred by Beneficiary in connection with the falsity in any material respect of the covenants contained herein or of Grantor's failure to perform the obligations of this paragraph A.3 suffered or incurred by Beneficiary prior to a Foreclosure Transfer (defined below) that arise out of or result from (i) the occurrence, at any time prior to a Foreclosure Transfer, of any Hazardous Substance Activity; (ii) any investigation, inquiry, order, hearing, action, or other proceeding by or before any governmental agency in connection with any Hazardous Substance Activity occurring or allegedly occurring at any time prior to a Foreclosure Transfer; or (iii) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against Beneficiary which relates to, arises from or is based on any of the matters described in clauses (i), or (ii) hereof, or any allegation of any such matters. As used in this definition, the phrase "at any time prior to a Foreclosure Transfer" includes the period between the time of Grantor's disposition of the Property and the time of a Foreclosure Transfer (in the event that Grantor disposes of the Property prior to a Foreclosure Transfer), as well as the period during which Grantor holds title to the Property. A "Foreclosure Transfer" means the transfer of title to all or any part of the Property at a foreclosure sale under this Deed of Trust, either pursuant to judicial decree or the power of sale contained in the Deed of Trust, or by deed in lieu of such foreclosure. It is expressly understood that Grantor's liability hereunder shall not survive and continue beyond a Foreclosure Transfer or a payoff and discharge of the Note and release of this Deed of Trust.
- (c) Grantor agrees that a receiver may be appointed to enable Beneficiary to enter upon and inspect the Property for the purpose of determining the existence,



location, nature and magnitude of any past or present release or threatened release of any hazardous substance into, onto, beneath or from the Property. Any costs incurred by Beneficiary in obtaining the appointment of a receiver and performing the inspections, including reasonable attorney fees, shall be paid by Grantor. If not paid within ten (10) days after such fees, costs and expenses become due and written demand for payment is made upon Grantor, such amount may, at Beneficiary's option, be added to the Principal Balance of the Note ("Principal Balance") and shall bear interest at the Default Rate (defined below).

4. **Casualty Loss/Restoration Construction.** Unless Beneficiary determines, pursuant to the provisions in paragraph B.1., to apply the insurance proceeds to the reduction of the indebtedness, Grantor shall promptly commence and diligently pursue to completion the repair, restoration and rebuilding of any portion of the Property that has been partially damaged or destroyed in full compliance with all legal requirements and to the same condition, character and at least equal value and general utility as nearly as possible to that existing prior to such damage or destruction. Grantor further agrees: to complete same in accordance with plans and specifications satisfactory to Beneficiary, to allow Beneficiary to inspect the Property at all times during construction and to replace any work or materials unsatisfactory to Beneficiary within fifteen (15) days after notice from Beneficiary of such fact. If said work upon the construction or restoration of the building or buildings shall be discontinued for a period of fifteen (15) days, Beneficiary may, at its option, also enter into and upon the Property and complete the construction or restoration of said building or buildings. Grantor hereby gives to Beneficiary full authority and power to make such entry and to enter into such contracts or arrangements as may be necessary to complete or restore said building or buildings and all monies expended by Beneficiary in connection with such completion or restoration shall be added to the principal theretofore advanced under the Note and secured by these presents and shall be payable by Grantor on demand with interest at the Default Rate.

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

5. **Insurance.**

- (a) Property and Other Insurance. Grantor shall obtain and maintain in full force and effect during the term of this Deed of Trust such insurance as Beneficiary may reasonably require from time to time by notice to Grantor, including, without limitation, insurance providing (i) protection against fire, extended coverage and other all risk perils, including flood (where required) and other coverage as deemed appropriate by Beneficiary from time to time, with endorsements for waiver of subrogation, replacement cost coverage, inflation adjustment, and vandalism and malicious mischief coverage, all in amounts not less than the full replacement cost of all improvements including the cost of debris removal, (ii) comprehensive general public liability coverage with a broad form coverage



endorsement with limits of \$2,000,000 for aggregate liability and a single limit of \$1,000,000, and (iii) business interruption and/or rent loss insurance (equal to twelve (12) months annualized income). If any portion of the fire and other risks insured as provided herein are reinsured, the policies shall contain a so-called "cut-through" endorsement.

- (b) Insurance Companies and Policies. All such insurance shall be written by a company or companies acceptable to Beneficiary with an A- or better rating by A.M. Best Company, Inc. The policies described in Paragraphs 5.(a)(i) and (iii) above shall contain (i) a standard Beneficiary clause naming Beneficiary as the first Beneficiary with loss proceeds under the policies payable to Beneficiary, and (ii) a waiver of subrogation endorsement as to Beneficiary. The policy described in Paragraph 5.(a)(ii) above shall name Beneficiary as an additional named insured, and the policy described in Paragraph 5.(a)(iii) above shall provide that all proceeds be payable to Beneficiary. Each policy described above shall provide for a thirty (30) day notice of cancellation or modification, shall be satisfactory to Beneficiary as to form and substance, and shall contain endorsements that no act or negligence of Grantor or any occupant, and no occupancy or use of the Property for purposes more hazardous than permitted by the terms of the policy will affect the validity or enforceability of such insurance as against Beneficiary. If any portion of the fire and other risks insured as provided herein are reinsured, the policies shall contain a so-called "cut-through" endorsement. Each policy shall be in full force and effect as of the date of this Deed of Trust, shall contain such additional provisions as Beneficiary deems necessary or desirable to protect its interest, and shall be accompanied by proof of premiums paid for the current policy year. All such insurance shall be written in amounts sufficient to prevent Grantor from becoming a co-insurer under the applicable policies. Grantor shall provide acceptable ACORD Form certificates evidencing insurance coverage to Beneficiary thirty (30) days prior to any policy expiration date or in the event any policy is modified or canceled.
- (c) Blanket Policy. If a blanket policy is issued, Grantor shall furnish Beneficiary with a certified copy of said policy, together with a certificate indicating that Beneficiary is the insured under said policy in the proper designated amount.
- (d) Notice of Loss. In the event of loss, Grantor shall immediately notify Beneficiary. Beneficiary may make proof of loss if it is not made promptly by Grantor.
- (e) Insurance Obtained by Third Party. If insurance is provided to Beneficiary by a tenant or any party other than Grantor, there is a lapse in coverage, coverage is not with a company acceptable to Beneficiary with an A Category or better rating, coverage is not in an amount equal to the full replacement value of the improvements, or coverage does not in any other way meet conditions required by Beneficiary, Grantor will provide coverage within thirty (30) days of being



notified by Beneficiary of any inadequacy in coverage. If Beneficiary does not receive proof of such coverage within thirty (30) days, Beneficiary will force place insurance until proof of coverage which meets the conditions of the Loan is received. Premiums for this force place coverage are at rates higher than Grantor could obtain, and payment will be the responsibility of Grantor, provided that at Beneficiary's sole option, Beneficiary may add the cost of such premiums to the Principal Balance.

6. **Defense.** Grantor shall appear in and defend any action or proceeding purporting to affect the Property or any other security for the Note or the rights or powers of Beneficiary or of Trustee and shall pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding, or appeal therefrom, in which Beneficiary or Trustee may appear.

7. **Taxes and Assessments.** Grantor shall pay, at least ten (10) days before the due date, all taxes and assessments affecting the Property or upon this Deed of Trust or the debt secured thereby, or against Beneficiary by reason of the ownership of this Deed of Trust and the Note, or either of them, including assessments on appurtenant water stock. Grantor shall also pay, when due, all encumbrances, charges and liens, with interest, on the Property or any part thereof, which appear to be prior or superior hereto and shall deliver to Beneficiary upon request the official receipt or receipts showing payment thereof and recorded releases therefor, and shall pay all costs, fees and expenses of this Deed of Trust. The foregoing shall not in any way constitute the consent of Beneficiary to Grantor placing, or allowing to be placed, any encumbrances, charges, or liens against the Property, whether superior or inferior to the liens, rights, and security interests created in this Deed of Trust.

8. **Monthly Deposits.** Unless this covenant is prohibited by law or waived in writing by Beneficiary, Grantor shall pay each year to Beneficiary, together with and in addition to the monthly payments of principal and interest payable under the terms of the Note, until the Note is fully paid, in equal monthly installments, the estimated amount of the annual property taxes, assessments, insurance premiums and similar charges next payable, as estimated by Beneficiary. If at any time Beneficiary determines that such payments will not be sufficient to account for each such charge on its due date (and in the case of annual property taxes, on the due date of the first installment thereof), Grantor shall pay to Beneficiary, upon demand, additional sums as necessary to account for such deficiency. Beneficiary may retain the sums received under this paragraph A.8 and apply them to such charges when they (and in the case of annual property taxes, the first installment thereof) become due. Sums received shall not earn interest and may be commingled with other funds of Beneficiary. If Beneficiary is required by law to pay interest on these sums, Beneficiary may, to the extent permitted by law, impose a charge for holding and disbursing such funds. In the event of a default under the Note, this Deed of Trust or any other instrument securing the Note, Beneficiary may apply the sums required under this paragraph A.8 (without prepayment fee and without limiting the privilege, if any, to prepay any amounts secured hereby) first to accrued interest and then to the Principal Balance secured hereby. As an additional covenant hereof, and in any event if the foregoing provision for prepayment is at any time prohibited by law, or waived in writing by Beneficiary, or Grantor



fails to make payments in the full amount required under this paragraph A.8, Grantor shall pay such charges when they (and in the case of annual property taxes, the first installment thereof) are due and, upon demand, provide Beneficiary with satisfactory evidence of payment and coverage.

9. **Leases.** Grantor shall fully perform all the terms and conditions on Grantor's part to be performed in any existing or future lease with respect to which Grantor is lessor covering all or a portion of the Property. Grantor shall not, without the prior consent of Beneficiary, terminate, cancel or accept the surrender of, or suffer or permit the termination, cancellation or surrender of such lease, except upon the expiration of the term thereof, or materially modify or alter, or suffer or permit the material modification or alteration of such lease. Grantor further covenants and agrees not to enter into any lease for a term in excess of three (3) years for fifteen percent (15%) or more of the net rentable area of the Property without the prior written consent of Beneficiary.

10. **Fees for Information.** Grantor shall pay Beneficiary, to the extent permitted by law, a reasonable fee, as determined by Beneficiary, for providing to Grantor or a third party a statement concerning the obligations secured by this Deed of Trust or any other information requested by Grantor or the third party.

11. **Security Agreement.**

(a) **Grant of Security Interest.** With respect to any portion of the Property which constitutes personal property or fixtures governed by the Uniform Commercial Code of the State where the Property is located ("Code"), this Deed of Trust shall constitute a security agreement between Grantor as Debtor and Beneficiary as Secured Party, and Grantor hereby grants to Beneficiary a security interest in such portion of the Property. Cumulative of all other rights of Beneficiary hereunder, Beneficiary shall have all of the rights conferred upon secured parties by the Code. Grantor shall execute and deliver to Beneficiary all financing statements that may from time to time be required by Beneficiary to establish and maintain the validity and priority of the security interest of Beneficiary, or any modification thereof, and shall bear all costs and expenses of any searches reasonably required by Beneficiary.

(b) **Rights of Beneficiary.** Beneficiary may exercise any or all of the remedies of a secured party available to it under the Code with respect to such property, and it is expressly agreed that if, upon default, Beneficiary shall proceed to dispose of such property in accordance with the provisions of the Code, ten (10) days written notice by Beneficiary to Grantor shall be deemed to be reasonable notice under any provision of the Code requiring such notice; provided, however, that Beneficiary may, at its option, dispose of such property in accordance with Beneficiary's rights and remedies with respect to the real property pursuant to the provisions of this Deed of Trust, in lieu of proceeding under the Code.



(c) **Change in Grantor's Name.** Grantor shall give advance notice in writing to Beneficiary of any proposed change in Grantor's name, identity, or corporate structure and shall execute and deliver to Beneficiary, prior to or concurrently with the occurrence of any such change, all additional financing statements that Beneficiary may require to establish and maintain the validity and priority of Beneficiary's security interest with respect to any Property described or referred to herein.

(d) **Fixture Filing.** With respect to those items of the Property that are or will become fixtures upon the Property, this Deed of Trust shall be effective as a financing statement filed as a fixture filing from the date of its filing for record in the real estate records of the county in which the Property is situated. Information concerning the security interest created by this instrument may be obtained from Beneficiary, as Secured Party, at the address of Beneficiary stated below. The mailing address of Grantor, as Debtor, is as stated below.

12. **Restrictive Uses.** Grantor shall not, without Beneficiary's prior written consent, change the general nature of the occupancy of the Property, initiate, acquire or permit any change in any public or private restrictions (including without limitation a zoning reclassification) limiting the uses which may be made of the Property, or take or permit any action which would impair the Property or Beneficiary's lien or security interest in the Property.

13. **Changes In Use.** If Grantor, Borrower or a related entity or person occupies or leases the Property, Grantor shall make no change in the use or occupancy of the Property or otherwise limit the uses which may be made of the Property without Beneficiary's prior written consent.

B. It is mutually agreed that:

1. **Application of Insurance or Condemnation Proceeds.** All sums paid under any insurance policy or condemnation award shall be paid to the Beneficiary. Beneficiary agrees to allow the use of sums paid for repair and reconstruction of the Property provided:

- (a) there exists no default or other event which with the passing of time or the giving of notice or both would constitute a default under the Note or this Deed of Trust;
- (b) all proceeds and additional funds deposited by the Grantor with Beneficiary prior to the commencement of any repair or reconstruction are adequate, as determined by Beneficiary, to complete repair and reconstruction of the Property pursuant to plans and specifications approved by Beneficiary;
- (c) if, in Beneficiary's determination, the loan to value ratio, upon completion of repair or restoration, will exceed seventy-five percent (75%), the Principal Balance due on the Note shall be reduced to an amount which reduces the loan to value ratio, as calculated by Beneficiary, to no more than seventy-five percent



(75%). In such a case, the remaining monthly payments of principal and interest may be adjusted to amortize the reduced Principal Balance over the remaining term of the Loan, at Beneficiary's discretion. Any amount prepaid under this provision may be paid without a prepayment fee, provided however, any additional amount Grantor desires to prepay, if any, shall be subject to applicable prepayment fees;

- (d) disbursement procedures acceptable to Beneficiary are in place;
- (e) Beneficiary shall have received acceptable estoppels, consents and assurances from municipal authorities, tenants in the Property, and others, as Beneficiary may request; and
- (f) Beneficiary has received evidence satisfactory to it, that reconstruction and/or repair can be completed at least three (3) months prior to the date the Note secured by this Deed of Trust is due and payable.

If the above conditions are not satisfied as to the application of the proceeds or any awards, Beneficiary shall apply the same (after first deducting therefrom Beneficiary's reasonable expenses incurred in collecting the same, including but not limited to reasonable attorneys' fees) to the reduction of the outstanding Principal Balance without a prepayment fee or to payment of the restoration, repair, replacement or rebuilding of the property that is damaged, destroyed or taken in such manner as Beneficiary may determine.

If any proceeds are applied to the reduction of the Principal Balance, the remaining monthly payments of principal and interest will be reduced to amortize the reduced Principal Balance over the remaining amortization period of the Loan.

2. **Non-Waiver.** No waiver of any default on the part of Grantor or breach of any of the provisions of this Deed of Trust or of any other instrument executed in connection with the indebtedness secured hereby shall be considered a waiver of any other or subsequent default or breach, and no delay or omission in exercising or enforcing the rights and powers herein granted shall be construed as a waiver of such rights and powers, and likewise no exercise or enforcement of any rights or powers hereunder shall be held to exhaust such rights and powers, and every such right and power may be exercised from time to time.

3. **Release.** When all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the note for cancellation and retention, Beneficiary shall release the lien of this Deed of Trust.

4. **Assignment of Rents.** Grantor hereby immediately assigns to Beneficiary absolutely, not only as collateral, the present and future rents, income, issues and profits of the Property and hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of this Deed of Trust, to collect the rents, income, issues and profits of the Property, reserving unto Grantor the right, prior to any default by Grantor in payment of



any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, income, issues and profits as they become due and payable. Upon any such default, Beneficiary may, at any time, without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, the solvency of Grantor, or the presence of waste or danger of loss or destruction of the Property, enter upon and take possession of the Property, or any part thereof, and any personal property in which Beneficiary has a security interest as additional security for the indebtedness secured by this Deed of Trust, and may, in its own name, sue for or otherwise collect such rents, income, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. In the exercise of any of the foregoing rights and powers, Beneficiary shall not be liable to Grantor for any loss or damage thereby sustained unless due solely to the willful misconduct of Beneficiary. The entering upon and taking possession of the Property, the collection of such rents, income, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. To the extent the provisions of this paragraph are inconsistent with the terms of a separate Assignment of Lessor's Interest in Leases, if any, the terms of the Assignment of Lessor's Interest in Leases shall control. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Property or any part thereof, Beneficiary is not and shall not be deemed to be: (a) "a mortgagee in possession" for any purpose; (b) responsible for performing any of the obligations of the lessor under any Lease; (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. In exercising its rights under this provision, Beneficiary shall be liable only for the proper application of and accounting for the Rents collected by Beneficiary or its agents.

5. **Beneficiary's Right to Cure and Defend.** Should Grantor fail to make any payment or to do any act as provided in this Deed of Trust, in the Note or in any other instrument securing the Note, Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Grantor and without releasing Grantor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, and Grantor authorizes Beneficiary or Trustee to enter upon the Property for such purpose. Beneficiary and/or Trustee may, at any time prior to full payment of all sums secured by this Deed of Trust: appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which, in the judgment of either, appears to be prior or superior to the liens, rights and security interests created in this Deed of Trust; and, in exercising any power conferred by this Deed of Trust, pay necessary expenses, employ counsel and pay reasonable fees therefor (including fees on appeal). Grantor agrees to repay immediately and without demand all sums so expended by Beneficiary or Trustee with interest from date of expenditure at the Default Rate as herein provided.



6. **Default; Acceleration; Default Rate.** Time is material and of the essence hereof with respect to the payment of any sums of any nature by and the performance of all duties or obligations of Grantor. Each of the following shall be an "Event of Default" under this Deed of Trust: (a) failure of Grantor to make any payment of principal and/or interest or any other payment required by the provisions of the Note, this Deed of Trust, or any other instrument securing the Note on the date such payment or payments are due; (b) failure to perform any other provision of the Note, this Deed of Trust, or any other instrument securing the Note; (c) a proceeding under any bankruptcy, receivership or insolvency law is instituted by or against Grantor; (d) the making of an assignment for the benefit of creditors by Grantor; (e) the imposition upon Beneficiary, under any laws, of what Beneficiary may deem to be a substantial tax upon Beneficiary by reason of its interest in this Deed of Trust (unless Grantor may lawfully pay such tax and does so); (f) if any warranty contained in this Deed of Trust is false in any material respect or any representation, warranty or information furnished by the Grantor or its agents to Beneficiary in connection with the indebtedness secured hereby is false in any material respect; or (g) if any of the following appear on the list of Specially Designated Nationals and Blocked Persons that is maintained by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") or on any other similar list maintained by any governmental entity or agency (collectively, the "SDN List"); (i) any Grantor; (ii) any principal, manager or majority shareholder of any Note signer ("Principal"); (iii) any guarantor or indemnitor, if any; or (iv) any person or entity related to any Grantor, any Principal, any guarantor, any indemnitor, the debt secured by this Mortgage or the Property. In the case of the occurrence of an Event of Default under subsection B.6(g) above, Beneficiary shall have the right to take any and all action or to make any report or notification required by OFAC or any other applicable governmental entity or agency or by the Laws relation to the SDN List.

7. Any default under this Deed of Trust shall constitute a default under the Note and under all other security instruments securing the Note. Any default under such other security instruments shall constitute a default under this Deed of Trust. Upon default, Beneficiary may declare all sums secured hereby immediately due and payable, without notice except as described in paragraph B. 20. Any sum not paid as provided herein or in the Note or any other security instrument securing the Note shall bear interest from such due date at a rate of interest four (4) percentage points per annum greater than the Note Rate (as defined in the Note) or the maximum rate permitted by law, whichever is lesser ("Default Rate"). If a default occurs during a period of time in which prepayment is permitted only on payment of a prepayment fee, such fee shall be computed as if the sum declared due on default were a prepayment and shall be added to the sums due and payable under the Note.

8. **Foreclosure; Power of Sale.** Beneficiary may foreclose this Deed of Trust like a mortgage and obtain a decree foreclosing Grantor's interest in all or any part of the Property. Beneficiary may also direct Trustee, and Trustee shall be empowered, to foreclose the Property by advertisement and exercise of sale under applicable law.

9. **Attorney Fees; Proceeds of Sale.** If foreclosure be made by Trustee, reasonable attorney fees for services in the supervision of foreclosure proceedings shall be allowed by



Trustee as part of the costs of foreclosure. After deducting all costs, fees and expenses of Trustee and of this Deed of Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not then repaid, with accrued interest at the Default Rate as herein provided; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

10. **Expenses and Attorney Fees.** If Beneficiary refers the Note to an attorney for collection or seeks legal advice following a default alleged in good faith under the Note; if Beneficiary is the prevailing party in any litigation instituted in connection with the Note; or if Beneficiary or any other person initiates any judicial or nonjudicial action, suit or proceeding in connection with the Note, the indebtedness evidenced thereby or the security therefor (including, but not limited to, an action to recover possession of the Property after foreclosure), and an attorney is employed by Beneficiary to (a) appear in any such action, suit or proceeding, or (b) reclaim, seek relief from a judicial or statutory stay, sequester, protect, preserve or enforce Beneficiary's interest in the Note, the Deed of Trust or any other security for the Note (including but not limited to proceedings under federal bankruptcy law, in eminent domain, under probate proceedings, appellate reviews, or in connection with any state or federal tax lien), then, in any such event, to the extent allowed by law, Grantor shall pay attorney fees and costs and expenses incurred by Beneficiary and/or its attorney in connection with the above-mentioned events and any appeals related to such events, including but not limited to costs incurred in searching records, the cost of title reports, the cost of appraisals, the cost of surveyors' reports and the cost of environmental surveys. Grantor acknowledges and agrees that such fees and expenses shall be deemed to be advances to protect Beneficiary's interest in the Property, and may be charged and collected from Grantor in connection with a reinstatement following a default hereunder. If not paid within ten (10) days after such fees, costs and expenses become due and written demand for payment is made upon Grantor, such amount may, at Beneficiary's option, be added to the principal of the Note and shall bear interest at the Default Rate.

11. **Binding Effect; Waiver of Defenses; Interpretation.** This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The right to plead any Statute of Limitations in any suit brought upon the Note or the indebtedness thereby evidenced or to foreclose or enforce this Deed of Trust or arising therefrom or by reason of any default of Grantor, is hereby waived to the full extent permissible by law. The term Beneficiary shall mean the owner and holder, including pledgees, of the Note secured hereby, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

12. **Due on Sale or Encumbrance.**

- (a) Generally. The Loan evidenced by the Note is personal to Grantor and not assignable. In making it, Beneficiary has relied on Grantor's credit, Grantor's interest in the Property, and the financial market conditions at the time the Loan is



made. Except as described in paragraphs B.12.(c) and (d) below, in the event of a sale, conveyance, transfer or encumbrance, directly or indirectly, either voluntarily, involuntarily or by operation of law, of the title to or possession of all or part of the Property (a "Transfer"), Beneficiary may declare the entire Principal Balance immediately due and payable. In such event, and to the extent permitted by law, a prepayment fee calculated in accordance with the prepayment provisions of the Note shall be added to the sum due and payable. Alternatively, the provisions in the Note, the Deed of Trust and any other instrument securing the Note may be modified, at Beneficiary's sole option, to conform to provisions being offered by Beneficiary in similar loans at the time Beneficiary's waiver is sought, or in the event Beneficiary is not offering similar loans at such time, on such reasonable terms as Beneficiary may determine.

(b) Transfer Examples. For the purpose of, and without limiting the generality of the foregoing, the occurrence at any time of any of the following events, shall constitute a Transfer:

- (i) Any sale, conveyance, assignment or other transfer (including by contract or sale or otherwise) of, or the grant of a security interest in, all or any part of the legal and/or equitable title to the Real Property;
- (ii) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, any share of stock of Grantor if Grantor is a corporation;
- (iii) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, any general partnership interest in Grantor if Grantor is a partnership; or
- (iv) Any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, any member's interest in Grantor if Grantor is a limited liability company.

Notwithstanding the foregoing, transfers between or among existing shareholders, partners, or members of Grantor shall not constitute Transfers so long as the Loan is not in default at the time of such transfers and Beneficiary receives prompt written notice of such transfers.

(c) Permitted Borrower Release and Third-Party Transfer. If Grantor makes a written request to Beneficiary ("Transfer Request") for a third-party transfer, Beneficiary will waive its acceleration and prepayment call rights under Paragraph B.12.(a), and release Borrower from liability for the Loan, if the loan is not then in default and the following conditions are met:



- (i) The following items, all of which must be satisfactory to Beneficiary in its sole and absolute discretion, shall be submitted to Beneficiary with the Transfer Request:
- (A) The identity and organizational documents for the purchaser of the Property;
 - (B) The financial statements, financial strength, tax returns and credit history of the purchaser;
 - (C) The current rent roll for the Property;
 - (D) The operating statements for the Property:
 - (i) A current year-to-date; and
 - (ii) The two most recent years/historical;
 - (E) The current leases for the Property;
 - (F) A current environmental inspection report for the Property;
 - (G) The sale agreement and related documents; and
 - (H) A detailed description of the source of the purchaser's equity in the Property.
- (ii) The purchaser evidences a history of property management satisfactory to Beneficiary or contracts for management of the Property with a property management firm satisfactory to Beneficiary.
- (iii) If the amount then due on the Note exceeds seventy percent (70%) of the sale price of the Property, Trustor shall pay down the Principal Balance due on the Note to an amount which does not exceed seventy percent (70%) of the sales price and the remaining monthly payments of principal and interest may be adjusted to amortize the reduced Principal Balance over the remaining term of the Loan, at Beneficiary's discretion. Any amount prepaid under this provision may be paid without a prepayment fee, provided however, any additional amount Grantor or the purchaser desires to prepay, if any, shall be subject to applicable prepayment fees.
- (iv) The purchaser and Borrower promptly sign and deliver to Beneficiary, Beneficiary's assumption and release documents.



- (v) Grantor furnishes to Beneficiary, at Grantor's expense, an endorsement to Beneficiary's title insurance policy insuring the continued validity, enforceability, and priority of the Deed of Trust following the assumption and release. The form and content of the endorsement shall be satisfactory to Beneficiary. If required by the Beneficiary or the title insurer, the Grantor shall furnish estoppels and subordination agreements from tenants of the Property and other necessary parties in form and substance acceptable to the Beneficiary and the title insurer.
- (vi) In the event the Loan was made with a requirement imposed upon the Grantor to complete any specified repairs of the Property, the Grantor shall not be entitled to a consent by Beneficiary pursuant to the terms of this provision until such repairs have been completed to Beneficiary's satisfaction.
- (vii) The Beneficiary may, at its option, require tax reserves as referred to in paragraph A.8 of this Deed of Trust, whether or not previously waived conditionally or otherwise as a condition to its consent.
- (viii) Beneficiary is paid a lump sum fee of one percent (1%) of the Principal Balance.
- (ix) The payment of a transfer fee to Beneficiary's designated servicing agent in an amount equal to one percent (1%) of the Principal Balance.
- (x) Without limiting the generality or effect of the foregoing, waiver by Beneficiary of its right to accelerate the Loan upon any transfer or contract to transfer, or to require satisfaction of the conditions set forth in this subparagraph, shall not be deemed a waiver by Beneficiary of its right to accelerate the Loan upon any other transfer or contract to transfer or of its right upon such transfer or contract to transfer to require satisfaction of the conditions set forth above in this subparagraph.
- (d) Permitted Related-Party Transfer. If Grantor (including existing shareholders, members or partners) makes a Transfer Request for a related-party transfer, Beneficiary will waive its acceleration and prepayment call rights under Paragraph B.12.(a), if the Loan is not then in default and the following conditions are met:
- (i) Beneficiary is paid a lump sum fee of \$1,000.00;
- (ii) Grantor and the transferee promptly sign and deliver to Beneficiary, Beneficiary's assumption documents whereby the transferee assumes liability for payment and performance of the Note, the Deed of Trust, and any other security instruments securing the Note, all to the same extent



and tenor of Grantor's liability which shall remain primary and will not be released; and

(iii) The transferee is:

- (A) The spouse and/or issue of Grantor;
- (B) The trustee(s) of a testamentary trust for the benefit of the spouse and/or issue of Grantor, that succeeded to Grantor's interest upon Grantor's death, divorce or legal separation;
- (C) The trustee(s) of an inter vivos trust established by Grantor for estate planning purposes, provided that Grantor is a trustee of such trust at the time of transfer; or
- (D) A new entity established for estate planning purposes, composed of Grantor, Grantor's principals, and/or Grantor's spouse and/or issue.

13. **Deficiency.** Except as limited by Partial or Limited Recourse provisions, if any, in the Note, Grantor consents to a personal deficiency judgment for any part of the debt hereby secured which shall not be paid by the sale of the Property, unless such judgment is prohibited by law. Any Grantor who is a married person hereby expressly agrees that recourse may be had against his or her other property, however owned, but without hereby creating any lien or charge thereon, for any deficiency due after sale of the Property; except that this provision shall not apply in the case of a Grantor who executes this Deed of Trust but not the Note secured hereby.

14. **Waiver of Rights Regarding Property.** To the extent permitted by law, Grantor hereby releases and waives: (a) all rights to any homestead exemption in the Property; (b) all rights of dower and curtesy in the Property; and (c) all rights to possession of the Property during any period allowed by law for redemption.

15. **Waiver of Right to Marshal.** Grantor, for Grantor and for all persons hereafter claiming through or under Grantor or who may at any time hereafter become holders of liens junior to the lien of this Deed of Trust, hereby expressly waives and releases all rights to direct the order in which any of the Property shall be sold in the event of any sale or sales pursuant hereto and to have any of the Property and/or any other property now or hereafter constituting security for any of the indebtedness secured hereby marshaled upon any foreclosure of this Deed of Trust or of any other security for any of said indebtedness.

16. **Severability.** In the event any provision contained in this Deed of Trust shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Deed of Trust, but this



Deed of Trust shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

17. **Signature on Deed of Trust Only.** Notwithstanding any other provision of this Deed of Trust, any person who executes this Deed of Trust, but not the Note secured hereby, shall have no personal liability on the Note or for any deficiency judgment which may be obtained upon foreclosure of this Deed of Trust. Such persons jointly and severally waive presentment, demand, protest, notice of intent to accelerate the Note, notice of acceleration of the Note, and all notices and agree that Beneficiary, without notice to them or their consent, and upon such terms as Beneficiary may deem advisable, and without affecting in any way Beneficiary's rights hereunder as against the Property, may:

- (a) Extend, release, surrender, exchange, compromise, discharge or modify any right or obligation secured by or provided by this Deed of Trust or any other instrument securing the Note, or
- (b) Take any other action which Beneficiary may deem reasonably appropriate to protect its security interest in the Property.

18. **Governing Law.** The law of the State of Washington shall govern the validity, interpretation, construction and performance of this Deed of Trust. Trustor irrevocably submits to the jurisdiction of any state or federal court in the State where the Property is located in any action or proceeding brought to enforce or otherwise arising out of or relating to this Deed of Trust, and waives any claim that such forum is an inconvenient forum.

19. **Financial Statements.** Within sixty (60) days of the close of each calendar year, Grantor shall furnish Beneficiary, at Grantor's expense, all in a form satisfactory to Beneficiary and certified by Borrower or guarantors, as the case may be, with (a) an annual statement of operations of the Property, stating that such annual statement presents fairly the financial condition of the Property being reported upon and has been prepared in accordance with sound accounting principles consistently applied, (b) the financial statement for any tenants in whom Grantor and/or Borrower has a controlling interest, and (c) Borrower's financial statement, if Borrower is not an individual. The annual operating statement shall include an annual rent schedule, and a schedule of gross receipts of each tenant who is obligated to pay additional rent based on a percentage of gross receipts.

20. **Notice and Opportunity to Cure.** Notwithstanding any other provision of this Deed of Trust, Beneficiary shall not accelerate the sums secured hereby because of a nonmonetary default (defined below) unless Grantor fails to cure the default within fifteen (15) days of the earlier of the date on which Beneficiary mails or delivers written notice of the default to Grantor. For purposes of this Deed of Trust, the term "nonmonetary default" means a failure by Grantor or any other person or entity to perform any obligation contained in the Note or any other document, or instrument evidencing or securing the Loan (collectively, "Loan Documents"), other than the obligation to make payments provided for in the Note or any other Loan Document. If a nonmonetary default is capable of being cured and the cure cannot



reasonably be completed within the fifteen (15) day cure period, the cure period shall be extended up to sixty (60) days so long as Grantor has commenced action to cure within the fifteen (15) day cure period, and in Beneficiary's opinion, Grantor is proceeding to cure the default with due diligence. No notice of default and no opportunity to cure shall be required if during any 12-month period Beneficiary has already sent a notice to Grantor concerning default in the performance of the same obligation. None of the foregoing shall be construed to obligate Beneficiary to forebear in any other manner from exercising its remedies and Beneficiary may pursue any other rights or remedies which Beneficiary may have because of a default.

21. **Successor Trustee; Notice.** Beneficiary at any time and from time to time, by instrument in writing, may substitute and appoint a successor or successors (either corporate or individual) to any trustee named herein or previously substituted hereunder, which instrument when executed, acknowledged, and recorded in the office of the Recorder of the county or counties where the Property is situated shall be conclusive proof of the proper substitution and appointment of each such successor trustee or trustees, who shall then have all the title, powers, duties and rights of the predecessor trustee, without the necessity of any conveyance from such predecessor. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. The undersigned Grantor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Grantor. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Grantor, Beneficiary or Trustee shall be a party unless brought by Trustee. Except as otherwise provided in this Deed of Trust and as required by law, all notices and consents required or permitted under this Deed of Trust shall be in writing and may be telecopied, cabled, delivered by hand, or mailed by first class registered or certified mail, return receipt requested, postage prepaid, and addressed as follows:

If to Beneficiary/Secured Party: **Standard Insurance Company**
Attn: Mortgage Loan Servicing T3A
19225 NW Tanasbourne Drive
Hillsboro, OR 97124

If to Grantor/Debtor: **Nelsen Burlington, LLC/ Nelsen Burlington B,
LLC**
2510 N. 45th St.
Seattle, WA 98103

If to Trustee: **First American Title Insurance Company**
818 Stewart St., Ste 800
Seattle, WA 98101

Changes in the respective addresses to which such notices may be directed may be made from time to time by any party by notice to the other party given at least ten (10) days before such change of address is to become effective. Notices and consents given by mail in accordance with this paragraph shall be deemed to have been given three (3) days after the date



of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

22. **Dissemination of Information.** If Beneficiary determines at any time to sell, transfer or assign the Note or this Deed of Trust and the other security documents, and any or all servicing rights with respect thereto, or to grant participations therein, Beneficiary may provide to any prospective purchaser, transferee, assignee, participant or rating agency and their agents and successors, all documents and information Beneficiary now has or may hereafter acquire relating to this Loan, Grantor, Borrower, any guarantors and/or indemnitors, if applicable, and the Property.

23. **ERISA.** Borrower shall not engage in any transaction which could cause this loan or any action taken hereunder to be a non-exempt prohibited transaction under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Borrower is not an employee benefit plan or a governmental plan under ERISA. Borrower's assets do not constitute plan assets under ERISA. Borrower shall indemnify and hold Beneficiary harmless for any and all ERISA or state-related liability or losses.

24. **Non-Foreign Person.** Grantor is not a "foreign person" as defined by the IRS.

25. **Entire Agreement.** This Deed of Trust, the Note and any other security agreements securing the Note or documents evidencing the Loan constitute the entire and complete agreement of the parties with respect to the subject matter hereof, and supersede all prior or contemporaneous understandings, arrangements and commitments, all of which, whether oral or written, are merged herein. This Deed of Trust shall bind and inure to the benefit of the parties to this Deed of Trust and any heir, executor, administrator, successor or assignee thereof acquiring an interest hereunder consistent with paragraph B.12. above.

26. **Non-Agricultural Use.** Grantor represents and warrants to Beneficiary that neither the Property nor any other collateral is used principally for agricultural purposes.

27. **Non-Residential Use.** Grantor represents and warrants to Beneficiary that the Property is not and will not be considered a residence.

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28. **Notice to Grantor.** ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING PAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW. (RCW 19.36)

Signature of Grantor

Nelsen Burlington, LLC,
a Washington limited liability company

By: _____

James A. Nelsen, Member

Nelsen Burlington B, LLC,
a Washington limited liability company

By: _____

James A. Nelsen, Member

**AFFIX NOTARIAL ACKNOWLEDGMENTS FOR EACH GRANTOR
IN SIZE AND FORM AS REQUIRED BY STATE LAW.**

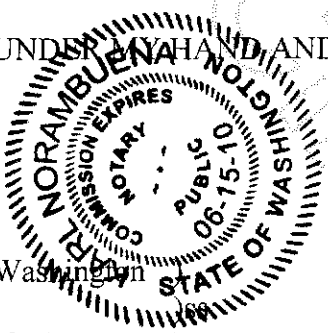


Notary Acknowledgments for Borrower

State of Washington)
)ss:
County of King)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared **James A. Nelsen**, known to me to be Member of **NELSEN BURLINGTON, LLC, a Washington limited liability company**, the limited liability company that executed the foregoing instrument, and known to me to be the person(s) who executed the foregoing instrument on behalf of said limited liability company, and acknowledged to me that said limited liability company executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 29th day of July, 2009.

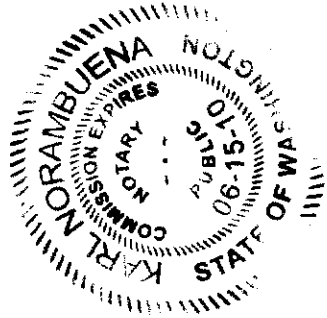


[Signature]
Notary Public in and for the State of Washington
my commission expires: 6/15/10

State of Washington)
County of King)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared **James A. Nelsen**, known to me to be Member of **NELSEN BURLINGTON B, LLC, a Washington limited liability company**, the limited liability company that executed the foregoing instrument, and known to me to be the person(s) who executed the foregoing instrument on behalf of said limited liability company, and acknowledged to me that said limited liability company executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 29th day of July, 2009.



[Signature]
Notary Public in and for the State of Washington
my commission expires: 6/15/10



EXHIBIT "A"
LOAN NO. A9060801
DATED: July 22, 2009

LEGAL DESCRIPTION: Real property in the County of Skagit, State of Washington, described as follows:

PARCEL "A":

LOT 1, REVISED CITY OF BURLINGTON BINDING SITE PLAN NO. BURL-BSP-2-00, APPROVED OCTOBER 3, 2001, RECORDED OCTOBER 3, 2001, UNDER SKAGIT COUNTY AUDITOR'S FILE NO. 200110030143, AND BEING A PORTION OF THE NORTHWEST ¼ OF THE SOUTHWEST ¼, SECTION 5, TOWNSHIP 34 NORTH, RANGE 4 EAST, W.M.

TOGETHER WITH PARKING, ACCESS AND UTILITY EASEMENTS DELINEATED ON SAID PLAN AS APPURTENANT THERETO AND AS SET FORTH IN INSTRUMENT RECORDED MARCH 5, 2001, UNDER AUDITOR'S FILE NO. 200103150016.

PARCEL "B":

LOT 2, REVISED CITY OF BURLINGTON BINDING SITE PLAN NO. BURL-BSP-2-00, APPROVED OCTOBER 3, 2001, RECORDED OCTOBER 3, 2001, UNDER SKAGIT COUNTY AUDITOR'S FILE NO. 200110020143, AND BEING A PORTION OF THE NORTHWEST ¼ OF THE SOUTHWEST ¼ SECTION 5, TOWNSHIP 34 NORTH, RANGE 4 EAST.

TOGETHER WITH PARKING, ACCESS AND UTILITY EASEMENTS DELINEATED ON SAID PLAN APPURTENANT THERETO AND AS SET FORTH IN INSTRUMENT MARCH 5, 2001, UNDER AUDITOR'S FILE NO. 200103150016.



200908030122
Skagit County Auditor
8/3/2009 Page 25 of 25 3:37PM