

RECORDING REQUESTED BY AND,
WHEN RECORDED, RETURN TO:

Patricia L. Johnson
Witherspoon, Kelley, Davenport
& Toole, P.S.
422 West Riverside Avenue
Suite 1100
Spokane, Washington 99201



201012020082
Skagit County Auditor

12/2/2010 Page 1 of 27 4:14PM

LAND TITLE OF SKAGIT COUNTY
137871-5
P126621

DEED OF TRUST

Grantor: LJB MOUNT VERNON LLC
Trustee: LAND TITLE & ESCROW COMPANY OF SKAGIT COUNTY
Beneficiary: AMERITRUST CDC

Abbreviated
Legal Description: Lot 8, "SOUTH MOUNT VERNON BUSINESS PARK BINDING SITE
PLAN". Situate in the City of Mount Vernon, County of Skagit, State of
Washington. A complete legal description is attached as Exhibit A.

Assessor's Tax
Parcel/Account No.: 8072-000-008-0000

THIS INSTRUMENT CONSTITUTES A SECURITY AGREEMENT AS THAT TERM IS
DEFINED IN THE UNIFORM COMMERCIAL CODE. PORTIONS OF THE COLLATERAL
ARE GOODS THAT ARE OR ARE TO BECOME FIXTURES ON THE LAND DESCRIBED
IN EXHIBIT A HERETO. THIS INSTRUMENT IS INTENDED TO SERVE AS A FIXTURE
FILING AND IS TO BE RECORDED IN THE REAL PROPERTY RECORDS OF EACH
COUNTY IN WHICH SAID LAND OR ANY PORTION THEREOF IS LOCATED AND
INDEXED AS BOTH A DEED OF TRUST AND A FIXTURE FILING. GRANTOR IS THE
OWNER OF A RECORD INTEREST IN THE LAND DESCRIBED IN EXHIBIT A HERETO.

DEED OF TRUST

THIS DEED OF TRUST (hereinafter called "Deed of Trust") is made this 12th day of November, 2010, between LJB MOUNT VERNON LLC, a Washington limited liability company, whose address is 325 Chenoweth Street, Mount Vernon, Washington 98273 (hereinafter referred to as "Grantor"); LAND TITLE & ESCROW COMPANY OF SKAGIT COUNTY, whose address is 111 East George Hopper Road, Burlington, Washington 98233 (hereinafter called "Trustee"); and AMERITRUST CDC, a Washington corporation, whose address is 1127 10th Avenue E #1, Seattle, Washington 98102 (hereinafter referred to as "Beneficiary").

WITNESSETH:

That Grantor does hereby irrevocably GRANT, BARGAIN, SELL, and CONVEY TO TRUSTEE IN TRUST, WITH POWER OF SALE, that property in the County of Skagit, State of Washington, described in Exhibit A attached hereto and by this reference incorporated herein, which is herein collectively called the "Property."

TOGETHER WITH all right, title and interest of Grantor in and to all contract rights, chattel paper, rents, general intangibles and all accounts now in existence or hereafter acquired which arise out of the operation of the Property, including, but not limited to, all monies due and to become due thereunder and all guaranties and security for the payment of monies due and to become due thereunder;

TOGETHER WITH all rents, issues, profits, royalties, income, room receipts and other benefits derived from the Property (collectively called "rents"), subject to the right, power and authority hereinafter given to Grantor to collect and apply such rents;

TOGETHER WITH all leasehold estate, right, title and interest of Grantor in and to all leases or subleases covering the Property or any portion thereof now or hereafter existing or entered into; and all right, title and interest of Grantor thereunder, including, without limitation, all cash or security deposits, advance rentals, and deposits or payments of similar nature;

TOGETHER WITH all right, title and interest of Grantor in and to all options to purchase or lease the Property or any portion thereof or interest therein, and any greater estate in the Property owned or hereafter acquired;

TOGETHER WITH all interests, estate or other claims, both in law and in equity, which Grantor now has or may hereafter acquire in the Property;

TOGETHER WITH all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto, and all water rights and shares of stock evidencing the same;



TOGETHER WITH all right, title and interest of Grantor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Property; and any and all sidewalks, alleys, and strips and gores of land adjacent to or used in connection with the Property;

TOGETHER WITH all timber, whether standing, fallen or harvested, located on or removed from the Property;

TOGETHER WITH any and all buildings and improvements now or hereafter erected thereon, including, but not limited to, the fixtures, attachments, appliances, equipment, machinery and other articles attached to said buildings and improvements (the "Improvements");

TOGETHER WITH all the estate, interest, right, title, other claim or demand, including claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Grantor now has or may hereafter acquire in the Property, and any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of the Trust Estate, including, without limitation, any awards resulting from a change of grade of streets and awards for severance damages; and

TOGETHER WITH the proceeds and products of the foregoing.

The entire estate, property, and interest hereby conveyed to Trustee may hereafter be referred to as the "Trust Estate."

FOR THE PURPOSE OF SECURING:

1. Payment of indebtedness in the original principal amount of One Million Sixty Seven Thousand and 00/100 Dollars (\$1,067,000.00) with interest thereon, together with all costs and fees, including attorneys' fees, incurred by Beneficiary in enforcing the obligations of Grantor, evidenced by that certain Promissory Note of even date herewith (the "Note"), executed by Grantor, which has been delivered to, and is payable to, the order of Beneficiary and which, by this reference, is made a part hereof, and any and all modifications, extensions and renewals thereof. Principal and interest are payable on the Note which matures twenty (20) years from the date thereof.

2. Payment of all sums which may become due from Grantor or advances by Beneficiary or its successor, with interest thereon at the Note rate, which include but are not limited to, fire and other hazard insurance and taxes upon the real property herein described, according to the terms of this Deed of Trust; payment by Grantor of all attorneys' fees and costs incurred by Trustee or Beneficiary in foreclosing this Deed of Trust or realizing upon any of the collateral for the obligations which this Deed of Trust secures; payment by Grantor of all attorneys' fees and costs incurred by Trustee or Beneficiary in defending the priority or validity of this Deed of Trust or the title to the Property; payment by Grantor of all sums advanced by



Beneficiary to or on behalf of Grantor for the purpose of clearing encumbrances or defects from the title to the Trust Estate where Beneficiary, in good faith, believes such encumbrances to be superior to the lien of this Deed of Trust, including, without limitation, payment of ad valorem taxes and mechanics' or materialmen's liens which may have gained priority over the lien of this Deed of Trust, payment of costs incurred by Trustee or Beneficiary in any bankruptcy proceedings or any reorganization or arrangement proceeding under 11 U.S.C. §101, et seq. (the "Bankruptcy Code") affecting Grantor, this Deed of Trust, or the covenant of Grantor herein contained or incorporated herein by reference and payment of all other sums advanced by Beneficiary to protect the Trust Estate, with interest thereon at the Note rate.

3. Payment of all other sums, with interest thereon, which may hereafter be loaned to Grantor, its successors, or assigns, by Beneficiary, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

4. Performance of each agreement, term and condition set forth or incorporated by reference in the loan application from Grantor to Beneficiary, and the loan commitment from Beneficiary to Grantor (collectively the "Application Documents"), and any amendments thereto, which are incorporated herein by this reference or contained herein. In the event there is a conflict between the Application Documents and the other Loan Documents, the Loan Documents shall control.

This Deed of Trust, the Note, the Application Documents and any other document or instrument given to evidence or further secure the payment and performance of any obligation secured hereby may hereafter be referred to as the "Loan Documents." Provided, however, any document or instrument, which recites that it is not secured by this Deed of Trust, shall not be deemed part of the "Loan Documents".

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, GRANTOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

ARTICLE I
COVENANTS AND AGREEMENTS OF GRANTOR

Grantor hereby covenants and agrees:

1.01 Warranties of Title and Authority. Grantor hereby represents and warrants that it is lawfully seized of an indefeasible fee title to the Trust Estate; that it has the authority and right to execute and deliver this Deed of Trust; that it shall defend the title to the Trust Estate against all claims and demands whatsoever; that the Trust Estate is free and clear of any and all liens, claims, encumbrances, restrictions, encroachments, and interest whatsoever in favor of any third party except the lien in favor of Wells Fargo Bank, National Association, in an amount not to exceed One Million Three Hundred Nineteen Thousand Four Hundred and 00/100 (\$1,319,400.00), or as otherwise described in Beneficiary's title insurance policy, or as approved by Beneficiary in writing; that the Trust Estate is in compliance with and does not violate any



applicable local, state, federal or other law, statute, rule or ordinance; and that any and all obligations it may have incurred in connection with the Property are current and without default. In the event any Grantor hereunder is a partnership, limited liability company or a corporation, each person executing this instrument on behalf of such entity individually and personally represents and warrants that this Deed of Trust and each other instrument signed in the name of such entity and delivered to evidence or further secure the obligations secured hereby is, in all respects, binding upon such entity as an act and obligation of said partnership, limited liability company or corporation.

1.02 Payment of Secured Obligations. To pay when due the principal of, and the interest on, the indebtedness evidenced by the Note; charges, fees, and all other sums as provided in the Loan Documents; and the principal of, and interest on, any future advances secured by this Deed of Trust.

1.03 Maintenance, Repair, Alterations. To keep the Trust Estate in good condition and repair; not to remove, demolish, or substantially alter (except such alterations as may be required by laws, ordinances, or regulations) any of the Improvements; to complete promptly and in a good and workmanlike manner any building or other improvement which may be constructed on the Property and promptly restore in like manner any Improvement which may be damaged or destroyed thereon; to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws, ordinances, regulations, covenants, conditions, and restrictions now or hereafter affecting the Trust Estate or any part thereof or requiring any alterations or improvements to the Trust Estate; not to commit or permit any waste or deterioration of the Trust Estate; to keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair; to comply with the provisions of any Lease; not to commit, suffer, nor permit any act to be done in or upon the Trust Estate in violation of any law, ordinance, or regulation.

1.04 Required Insurance. At all times to provide, maintain, and keep in force, or cause to be provided, maintained, and kept in force, the following policies of insurance:

A. Full replacement cost fire and other risk insurance, public liability insurance, and such other insurance as Beneficiary may require with respect to Grantor's properties and operations, including, without limitation, the Collateral, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time copies of the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be canceled or diminished without at least ten (10) days' prior written notice to Lender. In connection with all policies covering the Collateral, Borrower will provide Lender with such loss payable or other endorsements in favor of Lender and SBA as Lender may require;

B. Such other insurance and in such amounts as may, from time to time, be required by Beneficiary against the same or other hazards; and



C. All policies of insurance required by the terms of this Deed of Trust shall contain a 438 BFU form of endorsement or its equivalent.

1.05 Procurement of Insurance by Beneficiary. In the event Grantor fails to provide, maintain, keep in force, or deliver and furnish to Beneficiary the policies of insurance required by this section, Beneficiary may procure such insurance or single interest insurance for such risks covering Beneficiary's interest, and Grantor will pay all premiums thereon promptly upon demand by Beneficiary and, until such payment is made by Grantor, the amount of all such premiums, together with interest thereon at the Note rate, shall be secured by this Deed of Trust.

1.06 Assignment of Policies Upon Foreclosure. In the event of foreclosure of this Deed of Trust or other transfer of title or assignment of the Trust Estate in extinguishment, in whole or in part, of the debt secured hereby, all right, title, and interest of Grantor in and to all policies of insurance required by this Deed of Trust shall inure to the benefit of and pass to the successor in interest to Grantor or the purchaser or grantee of the Trust Estate.

1.07 Taxes and Impositions.

A. Grantor agrees to pay or cause to be paid, at least ten (10) days prior to delinquency, all real property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, including, without limitation nongovernmental levies or charges resulting from covenants, conditions, and restrictions affecting the Trust Estate, which are assessed or imposed upon the Trust Estate or become due and payable, and which create, may create, or appear to create a lien upon the Trust Estate or any part thereof or upon any Personal Property, equipment, or other facility used in the operation or maintenance thereof (all of which taxes, assessments, and other governmental charges of like nature are hereinafter referred to as "Impositions"); provided, however, that if, by law, any such Imposition is payable or may, at the option of the taxpayer, be paid in installments, Grantor may pay or cause to be paid the same, together with any accrued interest on the unpaid balance of such Imposition, in installments as the same become due; and before any fine, penalty, interest, or cost may be added thereto for the nonpayment of any such installment and interest.

B. If, at any time after the date hereof, there shall be assessed or imposed (i) a tax or assessment on the Trust Estate in lieu of or in addition to the Impositions payable by Grantor pursuant to subparagraph A. hereof; or (ii) a license fee, tax, or assessment imposed on Beneficiary and measured by or based in whole or in part upon the amount of the outstanding obligations secured hereby, then all such taxes, assessments, or fees shall be deemed to be included within the term "Impositions" as defined in subparagraph A. hereof; and Grantor shall pay and discharge or cause to be paid and discharged the same as herein provided with respect to the payment of Impositions or, at the option of Beneficiary, all obligations secured hereby, together with all accrued interest thereon, shall immediately become due and payable.



C. Subject to the provisions of subparagraph D. of this section, Grantor covenants to furnish to Beneficiary, within forty-five (45) days after the date upon which any such Imposition is due and payable by Grantor, official receipts of the appropriate taxing authority or other proof satisfactory to Beneficiary evidencing the payments thereof.

D. Grantor shall have the right, before any delinquency occurs, to contest or object to the amount or validity of any such Imposition by appropriate legal proceedings, but this shall not be deemed or construed in any way as relieving, modifying, or extending Grantor's covenant to pay or cause to be paid any such Imposition at the time and in the manner provided in this Section, unless Grantor has given prior written notice to Beneficiary of Grantor's intent to so contest or object to an Imposition; and unless, at Beneficiary's sole option, (i) Grantor shall demonstrate to Beneficiary's satisfaction that the legal proceedings shall conclusively operate to prevent the sale of the Trust Estate or any part thereof to satisfy such Imposition prior to final determination of such proceedings; or (ii) Grantor shall furnish a good and sufficient bond or surety as requested by and satisfactory to Beneficiary; or (iii) Grantor shall have provided a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of such proceedings.

E. Grantor covenants and agrees not to suffer, permit, or initiate the joint assessment of the real and personal property, or any other procedure whereby the lien of the real property taxes and the lien of the personal property taxes shall be assessed, levied or charged to the Trust Estate as a single lien.

F. If requested by Beneficiary, Grantor shall cause to be furnished to Beneficiary a tax reporting service covering the Trust Estate of the type, duration and with a company satisfactory to Beneficiary.

1.08 Utilities. To pay or cause to be paid when due all utility charges which are incurred by Grantor for the benefit of the Trust Estate or which may become a charge or lien against the Trust Estate for gas, electricity, water or sewer services furnished to the Trust Estate and all other assessments or charges of a similar nature, whether public or private, affecting the Trust Estate or any portion thereof, whether or not such taxes, assessments or charges are liens thereon.

1.09 Leases. To pay when due all rents and other payments and perform all covenants and agreements contained in any lease, sublease or ground lease which may constitute a portion of or an interest in the Trust Estate; not surrender, assign or sublease any such lease, sublease or ground lease, nor take any action which would affect or permit the termination of any such lease, sublease or ground lease. If requested by Beneficiary, Grantor covenants to furnish to Beneficiary within thirty (30) days after the date upon which such rents or other payments are



due and payable by Grantor, receipts or other evidence satisfactory to Beneficiary evidencing the payment thereof.

1.10 Actions Affecting Trust Estate. To appear in and contest any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorneys' fees, in any such action or proceeding in which Beneficiary or Trustee may appear.

1.11 Actions by Trustee and/or Beneficiary to Preserve Trust Estate. That should Grantor fail to make or cause to be made any payment or to do or cause to be done any act as and in the manner provided in any of the Loan Documents, Beneficiary and/or Trustee, each in its own discretion, without obligation so to do and without notice to or demand upon Grantor and without releasing Grantor from any obligation, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. In connection therewith (without limiting their general powers), Beneficiary and/or Trustee shall have and are hereby given the right, but not the obligation, (i) to enter upon and take possession of the Trust Estate; (ii) to make additions, alterations, repairs and improvements to the Trust Estate which they or either of them may consider necessary or proper to keep the Trust Estate in good condition and repair; (iii) to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Beneficiary or Trustee; (iv) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in the judgment of either may affect or appears to affect the security of this Deed of Trust or be prior or superior hereto; and (v) in exercising such powers, to pay necessary expenses, including employment of counsel or other necessary or desirable consultants. Grantor shall, immediately upon demand therefor by Beneficiary, pay all costs and expenses incurred by Beneficiary in connection with the exercise by Beneficiary or Trustee of the foregoing rights, including without limitation costs of evidence of title, court costs, appraisals, surveys and attorneys' fees. All costs, charges and expenses so incurred shall accrue interest at the rate set forth herein, and shall be secured by the lien of this Deed of Trust.

1.12 Additional Security. That in the event Beneficiary at any time holds additional security for any of the obligations secured hereby, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before or concurrently herewith or after a sale is made hereunder.

1.13 Appointment of Successor Trustee. Beneficiary may substitute a trustee or trustees to execute the trust hereby created, and when such substitution has been filed for record in the office of the Recorder of the County in which the Trust Estate is located, it shall be conclusive evidence of the appointment of such trustee or trustees, and such new trustee or trustees shall succeed to all of the powers and duties of the trustee or trustees named herein.

1.14 Successors and Assigns. That 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 term "Beneficiary" shall mean the owner and holder of the Note, whether or not named as Beneficiary herein.

1.15 Inspections. That Beneficiary, or its agents, representatives or workmen, are authorized to enter at any reasonable time upon or in any part of the Trust Estate for the purpose of inspecting the same and for the purpose of performing any of the acts it is authorized to perform under the terms of any of the Loan Documents.

1.16 Liens. To pay and promptly discharge or cause to be paid and discharged, at Grantor's cost and expense, all liens, encumbrances and charges upon the Trust Estate, or any part thereof or interest therein which have priority over this Deed of Trust; Grantor shall have the right to contest in good faith the validity of any such lien, encumbrance or charge, provided Grantor shall first deposit with Beneficiary a bond or other security satisfactory to Beneficiary in such amounts as Beneficiary shall reasonably require, but not more than one and one-half (150%) of the amount of the claim, and provided further that Grantor shall thereafter diligently proceed to cause such lien, encumbrance or charge to be removed and discharged. If Grantor shall fail to discharge any such lien, encumbrance or charge, then, in addition to any other right or remedy of Beneficiary, Beneficiary may, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due, or by procuring the discharge of such lien by depositing in court a bond or the amount claimed or otherwise giving security for such claim, or in such manner as is or may be prescribed by law.

1.17 Trustee's Powers. At any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note secured hereby for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of said Trust Estate, Trustee may (i) reconvey any part of said Trust Estate; (ii) consent in writing to the making of any map or plat thereof; (iii) join in granting any easement thereon; or (iv) join in any extension agreement or any agreement subordinating the lien or charge hereof.

1.18 Beneficiary's Powers. Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any portion of the Trust Estate not then or theretofore released as security for the full amount of all unpaid obligations, Beneficiary may, from time to time without notice (i) release any person so liable; (ii) extend the maturity or alter any of the terms of any such obligation; (iii) grant other indulgences; (iv) release or reconvey, or cause to be released or reconveyed at any time at Beneficiary's option any parcel or portion of the Trust Estate so long as the release or reconveyance does not materially affect the security value of the Trust Estate; (v) take or release any other or additional security for any obligation herein mentioned; or (vi) make compositions or other arrangements with debtors in relation thereto. By accepting payment of any obligation herein mentioned after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other obligations herein mentioned or to declare default for failure so to pay.



1.19 Financial Statements. Grantor will keep full, complete and correct books of accounts reflecting transactions relating to the Trust Estate and at any and all times permit Beneficiary, by its agents or attorneys, to examine all of his books of accounts, records, reports and other papers relating to the Trust Estate, and to take copies and extracts therefrom and to examine the Trust Estate. Grantor will promptly furnish to Beneficiary, upon request or as may be required under the Loan Documents governing the Note, such financial statements as may be requested or required.

1.20 Trade Names. Grantor has disclosed to Beneficiary in writing, a list of all trade names under which Grantor intends to operate the Trust Estate, and represents and warrants that Grantor does business under no other trade names with respect to the Trust Estate. Grantor shall immediately notify Beneficiary in writing of any change in said trade names, and will, upon request of Beneficiary, execute any additional documents and other certificates revised to reflect the change in trade name.

1.21 Application of Insurance and Awards.

A. Grantor will give the Beneficiary prompt notice of any damage to or destruction of the Trust Estate. In case of loss covered by policies of insurance, the Beneficiary (whether before or after foreclosure sale) is hereby authorized at its option without the consent of the Grantor to settle and adjust any claim arising out of such policies and collect and receipt for the proceeds payable therefrom. Any expense incurred by the Beneficiary in the adjustment and collection of insurance proceeds (including the cost of any independent appraisal of the loss or damage on behalf of Beneficiary) shall be reimbursed to the Beneficiary first out of any proceeds. In the event of any insured damage to or destruction of the Property, or any part thereof, Beneficiary, in its sole discretion, may apply the proceeds or any part thereof upon or in reduction of the indebtedness secured hereby then most remotely to be paid, whether due or not, without the application of any prepayment premium, or may apply the same to the restoration or repair of the Trust Estate, in which event, provided no default or an event of default be existing under this Deed of Trust or the Note, the proceeds of insurance shall be applied to reimburse the Grantor for the cost of so restoring or repairing the Trust Estate with the proceeds to be paid out in the manner as provided for in subparagraph C. of this section; provided, always, that Grantor shall pay all costs of restoring or repairing, in excess of the proceeds of insurance.

B. Grantor will give Beneficiary prompt notice of any action, actual or threatened, in condemnation or eminent domain and hereby assigns, transfers, and sets over to the Beneficiary the entire proceeds of any award or claim for damages for all or any part of the Trust Estate taken or damaged under the power of eminent domain or condemnation, the Beneficiary being hereby authorized to intervene in any such action in the name of Grantor and to collect and receive from the condemning authorities and give proper receipts and acquittances for such proceeds. Any expenses incurred by the



Beneficiary in intervening in such action or collecting such proceeds shall be reimbursed to the Beneficiary first out of the proceeds. The Beneficiary may elect to apply the proceeds of the award upon or in reduction of the indebtedness secured hereby then most remotely to be paid, whether due or not, without application of any prepayment premium, or to apply the same to the restoration or repair of the Trust Estate, in which event, provided no default or an event of default be existing under this Deed of Trust or the Note, the proceeds shall be applied to reimburse Grantor for the cost of such restoration or repair with the proceeds of the award to be paid out in the manner provided for in subparagraph C. of this section; provided, always Grantor shall pay all costs of such restoring or repairing in excess of the proceeds.

C. Should any insurance or condemnation proceeds be applied to the restoration or repair of the Trust Estate the restoration or repair shall be done under the supervision of an architect acceptable to Beneficiary and pursuant to plans and specifications approved by Beneficiary. In such case the proceeds shall be held by Beneficiary for such purposes and will from time to time be disbursed by Beneficiary to defray the costs of such restoration or repair under such safeguards and controls as Beneficiary may reasonably require to assure completion in accordance with the approved plans and specifications and free of liens or claims. Any surplus which may remain after payment of all costs of restoration or repair may at the option of Beneficiary be applied on account of the indebtedness secured hereby then most remotely to be paid, whether due or not, without application of any prepayment premium or shall be returned to Grantor as its interest may appear, the choice of application to be solely at the discretion of Beneficiary.

D. Notwithstanding anything to the contrary contained in this section, in the event of insured damage to the improvements or in the event of a taking by condemnation of only a portion of the improvements or land area of the Trust Estate and provided the portion remaining can, with restoration or repair, continue to be operated for the purposes utilized immediately prior to such damage or taking, and if the appraised value of the Trust Estate after such restoration or repair shall not have been reduced, and provided further, no event of default exists under this Deed of Trust and the tenants under any lease of the Trust Estate sufficient to cover operating expenses and debt service coverage, certify to Beneficiary their intention to remain in possession of the Trust Estate without any abatement or adjustment of rental payments (other than temporary abatements during the period of restoration and repair), the Beneficiary agrees to make the proceeds available to the restoration or repair of the improvements on the Trust Estate in accordance with the provisions of subparagraph C. of this section.

1.22 Repayment of Advances. Upon receipt of notice, Grantor shall repay immediately all sums expended or advanced hereunder by or on behalf of Beneficiary or Trustee, with interest from the date of such advance or expenditure at the rate contained in the Note, and the repayment thereof shall be secured hereby. Failure to repay such expenditure or advance and interest thereon within ten (10) days of such notice will, at Beneficiary's option, constitute an



event of default hereunder; or Beneficiary may, at its option, commence an action against Grantor for the recovery of such expenditure or advance and interest thereon, and in such event Grantor agrees to pay, in addition to the amount of such expenditure or advance, all costs and expenses incurred in such action, together with attorneys' fees.

ARTICLE II
ASSIGNMENT OF RENTS, ISSUES AND PROFITS

2.01 Assignment of Rents and Profits Under All Leases and Rental Agreements. Grantor absolutely and irrevocably assigns and transfers to Beneficiary the rents, issues and profits of the Trust Estate and all of the right, title and interest of Grantor in and under all leases and rental agreements now or hereafter affecting said Trust Estate. So long as no default shall exist in compliance with any covenants, terms, conditions or obligations hereof or of any Loan Instrument, Grantor may collect assigned rents and profits as the same fall due, but upon the occurrence of any such default, all right of Grantor to collect or receive rents or profits shall wholly terminate. All rents, issues or profits receivable from or in respect to said Trust Estate which Grantor shall be permitted to collect hereunder shall be received by it in trust to pay the usual and reasonable operating expenses of, and the taxes upon, said Trust Estate and the sums owing to Beneficiary as they become due and payable as provided in this Deed of Trust or in the Note or in any modification of either.

2.02 Leases Subordinate to Deed of Trust. All leases or rental agreements of the whole or any part of the Trust Estate shall be subject and subordinate to the lien of this Deed of Trust unless Beneficiary consents in writing to the priority of certain leases or rental agreements. Beneficiary may, at its option, require that specific leases be made superior to the lien of this Deed of Trust. Grantor shall pay all costs incident to making such leases superior to such lien, including attorneys' fees. In the event of any default hereunder and the exercise by Beneficiary of its rights hereby granted, Grantor agrees that payments made by tenants or occupants to Beneficiary shall, as to such tenants, be considered as though made to Grantor and in discharge of tenants' obligations as such to Grantor. Nothing herein contained shall be construed as obligating Beneficiary to perform any of Grantor's covenants under any lease or rental agreement. Grantor shall execute and deliver to Beneficiary upon demand any further or supplemental assignments deemed desirable by Beneficiary in order to further carry out and confirm the intentions of this section and upon failure of Grantor to so comply, Beneficiary may, in addition to any other rights or remedies, at its option, declare all obligations secured by this Deed of Trust to be immediately due and payable.

2.03 Leases. Grantor agrees as follows:

A. It will promptly perform and observe all the terms, covenants and conditions required to be performed and observed by it, as landlord under all leases and rental agreements and will do all things necessary to preserve and keep unimpaired its rights thereunder and will maintain all leases and rental agreements in full force and



effect and will enforce the same and will take such action to that end as Beneficiary may request;

B. To fully comply with all of the terms, conditions and provisions of all leases on said Trust Estate so that the same shall not become in default and to do all that is needful to preserve all said leases in force.

C. To permit no assignment of any lease, or any subletting thereunder, unless the right to assign or sublet is expressly reserved by the lessee under such lease.

D. That save and except for Impositions, the lien of this Deed of Trust or as provided in this Deed of Trust, Grantor will not create or suffer or permit to be created, any lien, charge or encumbrance affecting any lease or rents of the Trust Estate.

E. That if any part of the automobile parking areas included within Trust Estate is taken by condemnation or before said areas are otherwise reduced, Grantor will provide parking facilities in kind, size and location to comply with all leases, and before making any contract for such substitute parking facilities, Grantor will furnish to Beneficiary satisfactory assurance of completion thereof, free of liens and in conformity with all governmental zoning and regulations.

2.04 Security, Rents, Profits and Zoning. Grantor shall not, without first obtaining Beneficiary's written consent, assign any of the rents or profits of the Trust Estate or collect any rent for more than one (1) month in advance of the date on which such payment is due or change the general nature of the occupancy or initiate or acquiesce in any zoning reclassification, or do or suffer any act or thing which would impair the security for said debt or Beneficiary's lien upon said Trust Estate or the rents thereof. In the event of breach of any requirement of this section, Beneficiary may, in addition to any other rights or remedies, at any time thereafter declare the whole of said principal sum immediately due and payable.

ARTICLE III SECURITY AGREEMENT

3.01 Creation of Security Interest. Grantor hereby grants to Beneficiary a security interest in all personal property to the extent the same is a fixture on the Property ("Personal Property") for the purpose of securing all obligations of Grantor contained in any of the Loan Documents.

3.02 Warranties, Representations and Covenants of Grantor. Grantor hereby warrants, represents and covenants as follows:

A. Except for the security interest granted hereby, Grantor is, and as to portions of the Personal Property to be acquired after the date hereof will be, the sole owner of the Personal Property, free from any adverse lien, security interest,



encumbrance or adverse claims thereon of any kind whatsoever. Grantor will notify Beneficiary of, and will defend the Personal Property against, all claims and demands of all persons at any time claiming the same or any interest therein.

B. Grantor will not lease, sell, convey or in any manner transfer the Personal Property without the prior written consent of Beneficiary.

C. The Personal Property will not be used or bought for personal, family or household purposes.

D. The Personal Property will be kept on or at the Property and Grantor will not remove the Personal Property from the Property without the prior written consent of Beneficiary, except such portions or items of Personal Property which are consumed or worn out in ordinary usage, all of which shall be promptly replaced by Grantor.

E. Grantor is duly incorporated, formed or organized in the State of Washington. Grantor maintains a place of business in the State of Washington. Grantor will immediately notify Beneficiary in writing of any change in the state where it resides, if an individual, in its state of incorporation, formation or organization if an entity, or in its place of business.

F. Grantor hereby authorizes Beneficiary to file a financing statement to perfect Beneficiary's lien and security interest in the Personal Property and Improvements as described in the Loan Documents (including any required continuation statements, amendment statements or other such documents necessary to perfect and continue the lien) and Grantor hereby expressly ratifies any financing statements Beneficiary may have filed prior to the date of this Deed of Trust. At the request of Beneficiary, Grantor will execute one or more financing statements, continuations and/or amendments thereof pursuant to the Uniform Commercial Code of Washington in form satisfactory to Beneficiary, and will pay the cost of filing the same in all public offices wherever filing is deemed by Beneficiary to be necessary or desirable.

G. All covenants and obligations of Grantor contained herein relating to the Trust Estate shall be deemed to apply to the Personal Property whether or not expressly referred to herein.

H. This Deed of Trust constitutes a security agreement as that term is used in the Uniform Commercial Code of Washington.

3.03 Real Property. Grantor and Beneficiary agree that the filing of a financing statement in the records normally having to do with personal property shall never be construed as in any way derogating from or impairing this declaration and hereby stated intention of the parties hereto, that everything used in connection with the production of income from the Trust Estate and/or adapted for use therein and/or which is described or reflected in this Deed of Trust



is, and at all times and for all purposes and in all proceedings, both legal or equitable, shall be, regarded as part of the real estate.

3.04 Fixture Filing. As to all of the Personal Property which is or which hereafter becomes a "fixture" under applicable law, this Deed of Trust constitutes a fixture filing under the Washington Uniform Commercial Code, as amended or recodified from time to time.

ARTICLE IV
REMEDIES UPON DEFAULT

4.01 Events of Default. Any of the following events shall be deemed an event of default hereunder:

A. Default shall be made in the payment of any installment of principal or interest on the Note or any other sum secured thereby; or

B. Grantor shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors; or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Grantor or of all or any part of the Trust Estate, or of any or all of the royalties, revenues, rents, issues or profits thereof, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; or

C. A court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against Grantor seeking any reorganization, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, and such order, judgment or decree shall remain unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive) from the first date of entry thereof; or any trustee, receiver or liquidator of Grantor or of all or any part of the Trust Estate, or of any or all of the royalties, revenues, rents, issues or profits thereof, shall be appointed without the consent or acquiescence of Grantor and such appointment shall remain unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive); or

D. A writ of execution or attachment or any similar process shall be issued or levied against all or any part of or interest in the Trust Estate, or any judgment involving monetary damages shall be entered against Grantor which shall become a lien on the Trust Estate or any portion thereof or interest therein and such execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within sixty (60) days after its entry or levy; or



E. If Grantor shall transfer, assign, alienate, mortgage, encumber, pledge, hypothecate or grant an interest in Trust Estate without Beneficiary's prior written consent; or

F. There has occurred a breach of or default under any term, covenant, agreement, condition, provision, representation or warranty contained in any of the Loan Documents or any part thereof, not referred to in this Section.

4.02 Acceleration Upon Default, Additional Remedies. In the event of default, Beneficiary may declare all indebtedness secured hereby to be due and payable and the same shall thereupon become due and payable without any presentment, demand, protest or notice of any kind. Thereafter, Beneficiary may:

A. Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Trust Estate, or any part thereof, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Trust Estate, or part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Trust Estate, sue for or otherwise collect the rents, issues and profits thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including attorneys' fees, upon any indebtedness secured hereby, all in such order as Beneficiary may determine. The entering upon and taking possession of the Trust Estate, the collection of such rents, 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 in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Trust Estate or the collection, receipt and application of rents, issues or profits, Trustee or Beneficiary shall be entitled to exercise every right provided for in any of the Loan Documents or by law upon occurrence of any event of default, including the right to exercise the power of sale;

B. Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

C. Exercise any or all of the remedies available to a secured party under the Uniform Commercial Code of Washington, including, but not limited to:

(1) Either personally or by means of a court appointed receiver, take possession of all or any of the Personal Property and exclude therefrom Grantor and all others claiming under Grantor, and thereafter hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to and exercise all rights and powers of Grantor in respect to



the Personal Property or any part thereof. In the event Beneficiary demands or attempts to take possession of the Personal Property in the exercise of any rights under any of the Loan Documents, Grantor promises and agrees to promptly turn over and deliver complete possession thereof to Beneficiary;

(2) Without notice to or demand upon Grantor, make such payments and do such acts as Beneficiary may deem necessary to protect its security interest in the Personal Property, including without limitation, paying, purchasing, contesting or compromising any encumbrance, charge or lien which is prior to or superior to the security interest granted hereunder, and in exercising any such powers or authority to pay all expenses incurred in connection therewith;

(3) Require Grantor to assemble the Personal Property or any portion thereof, at a place designated by Beneficiary and reasonably convenient to both parties, and promptly to deliver such Personal Property to Beneficiary, or an agent or representative designated by it. Beneficiary, and its agents and representatives shall have the right to enter upon any or all of Grantor's Trust Estate and property to exercise Beneficiary's rights hereunder;

(4) Sell, lease or otherwise dispose of the Personal Property at public or private sale, with or without having the Personal Property at the place of sale, and upon such terms and in such manner as Beneficiary may determine. Beneficiary may be a purchaser at any such sale;

(5) Unless the Personal Property is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Beneficiary shall give Grantor at least ten (10) days' prior written notice of the time and place of any public or private sale of the Personal Property or other intended disposition thereof. Such notice may be mailed to Grantor at the address set forth in this Deed of Trust; and

D. Execute or cause the Trustee to execute a written notice of such default and election to cause to be sold the Trust Estate to satisfy the obligations hereof, in whole or in part, and shall cause such notice to be recorded in the office of the Recorder of each recording district in which the Trust Estate or some part thereof is located.

4.03 Foreclosure by Power of Sale. Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust and the Note and such receipts and evidence of expenditures made and secured hereby as Trustee may require.

A. Upon receipt of such notice from Beneficiary, Trustee shall cause to be given such Notice of Default as then required by law. Trustee shall, without demand on Grantor, after lapse of such time as may then be required by law and after Notice of Sale



having been given as required by law, sell the Trust Estate at the time and place of sale fixed by it in said Notice of Sale, either as a whole, or in separate lots or parcels or items as Trustee shall deem expedient, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustee or Beneficiary, but excepting Grantor, may purchase at such sale.

B. After deducting all costs, fees and expenses of Trustee, including costs of evidence of title and counsel fees 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 highest applicable rate provided in the Note, all other sums then secured hereby and the remainder, if any, to the person or persons legally entitled thereto.

4.04 Appointment of Receiver. Upon an event of default, Beneficiary, as a matter of right and without notice to Grantor or anyone claiming under Grantor, and without regard to the then value of the Trust Estate or the interest of Grantor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Trust Estate, and Grantor hereby irrevocably consents to such appointment and waives notice of any application therefore. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and shall continue as such and exercise all such powers until the date such receivership is terminated, released or discharged.

4.05 Remedies Not Exclusive. Trustee and Beneficiary, and each of them, shall be entitled to enforce payment and performance of any indebtedness or obligations secured hereby and to exercise all rights and powers under this Deed of Trust or under any Loan Instrument or other agreement or any laws now or hereafter in force, notwithstanding some or all of the said indebtedness and obligations secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Deed of Trust nor its enforcement whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect Trustee's or Beneficiary's right to realize upon or enforce any other security now or hereafter held by Trustee or Beneficiary, it being agreed that Trustee and Beneficiary, and each of them, shall be entitled to enforce this Deed of Trust and any other security now or hereafter held by Beneficiary or Trustee in such order and manner as they or either of them may in their absolute discretion determine. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Loan Documents to Trustee or Beneficiary or to which either of them may be otherwise entitled, may



be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Trustee or Beneficiary and either of them may pursue inconsistent remedies.

4.06 Sale of Trust Estate Pursuant to a Foreclosure. In case of a sale pursuant to a foreclosure of this Deed of Trust, the Trust Estate, real, personal or mixed, may be sold as an entirety or in parcels, by one sale or by several sales held at one time or at different times, all as Trustee, in its unrestricted discretion, may elect, and Grantor for and on behalf of itself and all persons claiming by, through or under it, waives any and all rights to have the property and estates comprising the Trust Estate marshaled upon any foreclosure sale and agrees that upon foreclosure, the Trust Estate may be sold as an entirety and not in parcels.

4.07 Restoration of Former Positions. In case Beneficiary shall proceed to enforce any right under this Deed of Trust and the proceedings for enforcement thereof shall have been discontinued or abandoned for any reason or shall have been determined adversely to Beneficiary, then and in every such case Beneficiary, Trustee and Grantor shall, subject to any determination in such proceedings, severally and respectively be restored to their former positions and rights hereunder, and thereafter all rights and remedies and powers of Beneficiary and Trustee shall continue as though no such proceeding had been taken.

4.08 Sale, Transfer, Vacation or Encumbrance of Property Prohibited. So long as any obligation secured hereby remains unpaid, Grantor covenants and agrees that neither the Trust Estate nor any portion thereof nor interest therein nor any interest of Grantor shall be sold, conveyed, transferred or encumbered by Grantor without Beneficiary's prior written consent. Provided, however, commencing six (6) months after the date of sale of the debenture that funds the Note, Grantor may have one or more changes in ownership without the approval of Beneficiary as long as the cumulative change over the term of the Note is less than five percent (5%). If title to the Trust Estate or any portion or interest in the Trust Estate or any interest of Grantor, except as allowed herein, (if a corporation or limited liability company) shall pass from Grantor by deed or otherwise, voluntarily or involuntarily or if the Trust Estate or any portion or interest therein is sold on contract, or if the Trust Estate or any portion or interest therein is vacated by Grantor, or if the Trust Estate or any portion or interest therein or a controlling interest of Grantor (if a corporation or limited liability company) or a general partnership interest in Grantor (if a partnership) is further encumbered without the consent of Beneficiary, such change in title or occupancy or interest of Grantor or further encumbrance shall be deemed to increase the risk of Beneficiary, and Beneficiary may declare all sums secured hereby immediately due and payable, or may at its sole option consent to such change in title or occupancy or interest of Grantor and increase the interest rate on the indebtedness hereby secured. In the event Beneficiary accelerates said indebtedness pursuant to the terms of this section, Grantor shall pay, in addition to the indebtedness, the prepayment premium as set forth in the Note, if any.

In the event ownership of the Trust Estate or any portion thereof becomes vested in a person other than Grantor herein named, or a prohibited interest in Grantor (if a corporation or limited liability company) or a general partnership interest in Grantor (if a partnership) is sold or



encumbered, Beneficiary may, without notice to Grantor herein named, whether or not Beneficiary has given written consent to such change in ownership, deal with such successor or successors in interest with reference to this Deed of Trust and the obligations secured hereby, in the same manner as with Grantor herein named, without in any way vitiating or discharging Grantor's liability hereunder or the obligations hereby secured.

4.09 Waiver. No right or obligation under this Deed of Trust will be deemed to have been waived unless evidenced by a writing signed by the party against whom the waiver is asserted. Any waiver given will be effective only with respect to the specific instance involved, and will not impair or limit the right of the waiving party to insist upon strict performance of the right or obligation in any other instance, in any other respect, or at any other time. No failure on the part of the Beneficiary or Trustee to exercise, and no delay in exercising any right or remedy under this Deed of Trust, shall operate as a waiver thereof.

ARTICLE V MISCELLANEOUS

5.01 Governing Law. This Deed of Trust shall be governed by the laws of the State of Washington as long as the Grantee shall be Ameritrust CDC. At such time as the Grantee's interest shall be assigned to the U.S. Small Business Administration this Deed of Trust shall be governed by and construed in accordance with federal law. In the event that any provision or clause of any of the Loan Documents conflicts with applicable laws, such conflicts shall not affect other provisions of such Loan Documents which can be given effect without the conflicting provision, and to this end the provisions of the Loan Documents are declared to be severable.

5.02 Limitation of Interest. It is the intent of Grantor and Beneficiary in the execution of this Deed of Trust, the Note and all other Loan Documents in strict compliance with the usury laws of the State of Washington until such time as the Grantee's interest may be assigned to the U.S. Small Business Administration governing the loan evidenced by the Note. In furtherance thereof, Beneficiary and Grantor stipulate and agree that none of the terms and provisions contained in the Loan Documents shall ever be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the laws of the State of Washington governing the loan evidenced by the Note. Grantor or any guarantor, endorser or other party now or hereafter becoming liable for the payment of the Note shall never be liable for unearned interest on the Note and shall never be required to pay interest on the Note at a rate in excess of the maximum interest that may be lawfully charged under the laws of the State of Washington and the provisions of this section shall control over all other provisions of the Note and any other instrument executed in connection herewith which may be in apparent conflict herewith. If a court of competent jurisdiction shall make a final determination that the performance of any provision of the Note shall result in a payment of an amount for such use, forbearance or detention in excess of such rate, then (i) such provision shall be deemed to be appropriately modified to the extent necessary to reduce such amount to an amount not in excess of such rate;



and (ii) any such excess amounts theretofore received by the holder of the Note shall be deemed to have been applied in like amount to principal on the Note, and all necessary reallocations of subsequent payments with respect to such Note shall be made and appropriately annotated on such Note.

5.03 Statements by Grantor. Grantor, within ten (10) days after being given notice by mail, will furnish to Beneficiary a written statement stating the unpaid principal of and interest on the Note and any other amounts secured by this Deed of Trust and stating whether any offset or defense exists against such principal and interest.

5.04 Reconveyance by Trustee. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention and upon payment by Grantor of Trustee's fees, Trustee shall reconvey to Grantor, or the person or persons legally entitled thereto, without warranty, any portion of the Trust Estate then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as "the person or persons legally entitled thereto." When the Trust Estate has been fully reconveyed, the last such reconveyance shall operate as a reassignment of all future rents, issues and profits of the Trust Estate to the person or persons legally entitled thereto. To the extent permitted by applicable law, Grantor shall pay to Trustee, on the date of each reconveyance of all or part of the Trust Estate pursuant to this section, a reasonable fee for such reconveyance.

5.05 Notices. Whenever Beneficiary, Grantor or Trustee shall desire to give or serve any notice, demand, request or other communication with respect to this Deed of Trust, each such notice, demand, request or other communication shall be in writing and shall be effective only if the same is delivered by personal service or mailed by registered or certified mail, postage prepaid, return receipt requested, addressed to the address set forth at the beginning of this Deed of Trust. Any party may at any time change its address for such notices by delivering or mailing to the other parties hereto, as aforesaid, a notice of such change.

5.06 Acceptance by Trustee. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

5.07 Captions. The captions or headings at the beginning of each section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

5.08 Invalidity of Certain Provisions. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Trust Estate, the unsecured or partially secured portion of the debt shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the debt which is not secured or fully secured by the lien of this Deed of Trust.



Further, the invalidity or unenforceability of any portion or provision of this Deed of Trust shall in no way affect the validity or enforceability of the remainder hereof.

5.09 Subrogation. To the extent that proceeds of the Note are used to pay any outstanding lien, charge or prior encumbrance against the Trust Estate, such proceeds have been or will be advanced by Beneficiary at Grantor's request and Beneficiary shall be subrogated to any and all rights and liens owed by any owner or holder of such outstanding liens, charges and prior encumbrances, irrespective of whether said liens, charges or encumbrances are released.

5.10 No Merger. If both the lessor's and lessee's estates under any lease or portion thereof which constitutes a part of the Trust Estate shall at any time become vested in one (1) owner, this Deed of Trust and the lien created hereby shall not be destroyed or terminated by application of the doctrine of merger and, in such event, Beneficiary shall continue to have and enjoy all of the rights and privileges of Beneficiary as to the separate estates. In addition, upon the foreclosure of the lien created by this Deed of Trust on the Trust Estate pursuant to the provisions hereof, any leases or subleases then existing and created by Grantor shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless Beneficiary or any purchaser at any such foreclosure sale shall so elect. No act by or on behalf of Beneficiary or any such purchaser shall constitute a termination of any lease or sublease unless Beneficiary or such purchaser shall give written notice thereof to such tenant or subtenant.

5.11 Late Charge. In the event that any payment or portion thereof is not paid within fifteen (15) days after the date it is due, Beneficiary may collect, and the Grantor agrees to pay with such payment, a "late charge" of the greater of five percent (5.0%) of the such unpaid payment or One Hundred and No/100 dollars (\$100.00) as liquidated damages for the additional expense of handling such delinquent payments. Such late charge represents the reasonable estimate of Beneficiary and Grantor of a fair, average compensation due to the failure of Grantor to make timely payments. Such late charge shall be paid without prejudice to the right of Beneficiary to collect any other amounts provided to be paid or to declare a default hereunder.

5.12 Costs and Fees. If Grantor shall default under or breach any term or condition of this Deed of Trust, Grantor agrees to pay on demand all costs and expenses of Trustee and/or Beneficiary in connection with said default or breach by Grantor, including all attorneys' fees, costs and expenses incurred by Trustee and/or Beneficiary in enforcing any term or provision of this Deed of Trust, or in collecting payments due under this Deed of Trust whether through litigation, dispute resolution or otherwise. Such fees, costs and other expenses shall include without limitation all costs and disbursements, all costs associated with discovery, depositions and expert witness fees, and all out-of-pocket costs incurred by Trustee and/or Beneficiary in the prosecution or defense of any action. For purposes of this section, the phrase "litigation or other dispute resolution" shall be deemed to include any proceeding commenced in any court of general or limited jurisdiction, any arbitration or mediation, any proceeding commenced in the bankruptcy courts of the United States, and any appeal from any of the foregoing. The amount of



all such fees, costs and expenses shall bear interest at the highest applicable rate provided in the Note from the date of demand.

5.13 Hazardous Waste.

A. Grantor represents and warrants to Beneficiary that to the best of Grantor's knowledge, after due and diligent inquiry, no hazardous or toxic waste or substances are being stored on the Trust Estate or any adjacent property nor have any such waste or substances been stored or used on the Trust Estate or any adjacent property prior to Grantor's ownership, possession or control of the Trust Estate. Grantor agrees to provide written notice to Beneficiary immediately upon Grantor becoming aware that the Trust Estate or any adjacent property is being or has been contaminated with hazardous or toxic waste or substances. Grantor will not cause nor permit any activities on the Trust Estate which directly or indirectly could result in the Trust Estate or any other property becoming contaminated with hazardous or toxic waste or substances. For purposes of this Deed of Trust, the term "hazardous or toxic waste or substances" means any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material, a hazardous, toxic or radioactive substance or other similar term by any applicable federal, state or local statute, regulation or ordinance now or hereafter in effect.

B. Grantor covenants and agrees that in the event at any time there is discovered hazardous or toxic waste or substances on, in or under the Trust Estate or on, in or under any other property which becomes contaminated with hazardous or toxic waste or substances as a result of activities on or hazardous or toxic waste or substances from the Trust Estate, Beneficiary shall be permitted to incur and pay any and all costs and expenses necessary or reasonably required to perform site tests and to completely clean up said hazardous or toxic waste or substances, whether or not the clean up is required by any governmental authority, and which tests and clean up shall not require prior notice to Grantor and all such costs and expenses shall be repaid to Beneficiary by Grantor. Grantor hereby gives Beneficiary and its agent(s) the unrestricted right to enter the Trust Estate at any time to perform site tests for hazardous or toxic waste or substances and to clean up said hazardous or toxic waste or substances.

5.14 Compliance with Americans With Disabilities Act. Grantor represents and warrants to Beneficiary that Grantor has not and will not cause nor permit any activities on the Trust Estate which directly or indirectly could result in the violation of the Americans With Disabilities Act of 1990 (Pub. L. 101-336), 42 U.S.C. §§12101-12213 and 47 U.S.C. §§225 and 611, and any and all regulations thereunder and any similar state or local laws, regulations or ordinances (collectively, the "ADA") with respect to the Trust Estate.

A. Grantor acknowledges that, as between it and Beneficiary, it will be solely responsible for compliance with the ADA regarding the Trust Estate. Grantor's obligations under this section are unconditional and shall not be limited by any nonrecourse or other limitations of liability provided for in the Loan Documents.



B. In the event Grantor shall, at any time, be or have been in default under the Note, this Deed of Trust, or under the Loan Documents, or in the event Beneficiary shall have reasonable cause to believe that Grantor has breached the warranties herein, or in the event there is otherwise reasonable cause to believe that there has or may have been a violation of the ADA, then Beneficiary, at Grantor's sole expense, shall have the right, but not the obligation, to enter upon the Trust Estate, either by itself or through an agent, for the purpose of conducting a compliance audit or assessment of the Trust Estate. The costs of such audit or assessment shall be payable by Grantor to Beneficiary on demand, and shall bear interest at the highest applicable rate provided in the Note. It is expressly agreed and understood by Grantor that the occurrence of a default, or the cause to believe a violation of the ADA has occurred, shall be deemed to increase Beneficiary's risk hereunder, thereby creating a need for Beneficiary to have the information to be contained in such audit or assessment.

5.15 Time of Essence. The parties hereto agree that time is of the essence and that all obligations hereunder shall be timely performed on the dates on which complete performance is specified according to the provisions of this agreement.

5.16 Construction. In this Deed of Trust, whenever the context so requires, the neuter gender includes the feminine and/or masculine and visa versa, and the singular number includes the plural and visa versa. If this Deed of Trust is executed by more than one Grantor, each Grantor's liability hereunder shall be joint and several.

5.17 Modification. This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

5.18 State Specific Provisions. This Deed of Trust shall be deemed a "trust deed," "trust indenture," or similarly named instrument as defined, described or required pursuant to the laws of the state in which the Trust Estate is located. With respect to the laws of the State of Washington, if applicable, the Trust Estate is not used principally for agricultural purposes, and is not used in an operation that produces crops, livestock or aquatic goods. With respect to the laws of the State of Idaho, if applicable, the Trust Estate is either (a) located within an incorporated city or village as of the date hereof, or (b) comprised of a total area not exceeding forty (40) acres. With respect to the laws of the State of Montana, if applicable, the total area comprising the Trust Estate does not exceed forty (40) acres.

5.19 Federal Law. The Loan secured by the lien of this Deed of Trust was made under a United States Small Business Administration ("SBA") nationwide program, which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations:



A. when SBA is the holder of the Note, this document and all Loan Documents evidencing or securing the Note shall be construed in accordance with federal law.

B. Beneficiary or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA.

C. Any clause in this Deed of Trust requiring arbitration is not enforceable when SBA is the holder of the Note secured by this instrument.

5.20 Statute of Frauds. The following provisions apply to the extent this Deed of Trust is governed by the law of the state identified in each subsection, if any:

BORROWER EXPRESSLY ACKNOWLEDGES AND UNDERSTANDS THAT ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE AND HEREBY CONFIRMS THAT BENEFICIARY HAS NOT MADE OR GIVEN ANY PROMISES OR COMMITMENTS THAT ARE NOT EXPRESSLY SET FORTH HEREIN OR IN THE OTHER LOAN DOCUMENTS.

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

IN WITNESS WHEREOF, Grantor has executed this Deed of Trust as of the day and year first above written.

GRANTOR:

LJB MOUNT VERNON LLC,
a Washington limited liability company

By: *Lori J. Blades*
Lori J. Blades, Member



STATE OF WASHINGTON)
COUNTY OF Spokane)

On November 15, 2010, before me, a Notary Public in and for said State, personally appeared Lori J. Blades, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same freely and voluntarily in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

DATED this 15th day of November, 2010.



Deborah L Rice

Print Name: Deborah L Rice
NOTARY PUBLIC in and for the State of
Washington, residing at Julie Stevens, WA
My commission expires: 10/10/11



EXHIBIT A

Legal Description

Lot 8, "SOUTH MOUNT VERNON BUSINESS PARK BINDING SITE PLAN", Mount Vernon Land Use No. LU05-061, as per plat approved August 30, 2007, recorded September 10, 2007 under Auditor's File No. 200709100133, records of Skagit County, Washington.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.

Assessor's Parcel No. 8072-000-008-0000

