

After recording return document to:  
ZENDER THURSTON, P.S.  
P.O. BOX 5226  
BELLINGHAM, WA 98227



201109300109  
Skagit County Auditor

9/30/2011 Page 1 of 5 3:40PM

CHICAGO TITLE

620013255

DOCUMENT TITLE: COLLATERAL ASSIGNMENT OF NOTE AND DEED OF TRUST

REFERENCE NUMBER OF RELATED DOCUMENT: \_\_\_\_\_

GRANTOR(S): REGAL HOSPITALITY LLC

GRANTEE(S): BANK OF THE PACIFIC

ABBREVIATED LEGAL DESCRIPTION: \_\_\_\_\_

ADDITIONAL LEGAL DESCRIPTION ON PAGE(S) \_\_\_\_ OF DOCUMENT.

ASSESSOR'S TAX PARCEL NUMBER(S): \_\_\_\_\_

**COLLATERAL ASSIGNMENT OF NOTE AND DEED OF TRUST**

THIS COLLATERAL ASSIGNMENT OF NOTE AND DEED OF TRUST ("Assignment") is made as of September 30, 2011, by and between REGAL HOSPITALITY LLC, a Washington limited liability company ("REGAL") and BANK OF THE PACIFIC ("Bank"). REGAL and Bank are sometimes referred to herein individually as a "Party" and collectively as the "Parties". This Assignment is made with respect to the following facts and circumstances.

A. REGAL is the payee and holder of that certain Installment Note dated September 30, 2011, made by MAJESTIC INN LLC, a Washington limited liability company, payable to the order of REGAL in the original principal amount of One Million Eight Hundred Ninety Nine Thousand Seven Hundred and Three Dollars and Eighty-Nine Cents (\$1,899,703.89) (the "Note").

B. The Note is secured by that certain Deed of Trust and Assignment of Rents dated September 30, 2011 ("Deed of Trust", and collectively "Note and Deed of Trust"), executed by MAJESTIC INN LLC, as "Grantor" to FIDELITY NATIONAL TITLE INSURANCE COMPANY, as "Trustee," and REGAL as Beneficiary, recorded on September 30, 2011 under Skagit County Auditor's File No. ~~201109300109~~ which Deed of Trust encumbers the real property described therein as:

PARCEL A:

Lots 11 through 15, Block 24, MAP OF THE CITY OF ANACORTES, according to the plat thereof recorded in Volume 2 of Plats, pages 4 through 7, records of Skagit County, Washington;

TOGETHER WITH the South Half of vacated alley adjacent to Lots 11, 12, and 13.

Situated in Skagit County, Washington.

PARCEL B:

Lot 16, Block 24, MAP OF THE CITY OF ANACORTES, according to the plat thereof recorded in Volume 2 of Plats, pages 4 through 7, records of Skagit County, Washington;

Situated in Skagit County, Washington.

PARCEL C:

Lots 17 and 18, Block 24, MAP OF THE CITY OF ANACORTES, according to the plat thereof recorded in Volume 2 of Plats, pages 4 through 7, records of Skagit County, Washington;

Situated in Skagit County, Washington.

PARCEL D:

The South 50 feet of Lots 8, 9 and 10, Block 24, MAP OF THE CITY OF ANACORTES, according to the plat thereof recorded in Volume 2 of Plats, pages 4 through 7, records of Skagit County, Washington;

TOGETHER WITH the North Half of vacated alley adjacent to said lots.

Situated in Skagit County, Washington.

PARCEL E:

Lot 7, Block 24, MAP OF THE CITY OF ANACORTES, according to the plat thereof, recorded in Volume 2 of Plats, pages 4 through 7, records of Skagit County, Washington;

Situated in Skagit County, Washington.

C. REGAL has an existing loan with Bank in the approximate amount of \$ One Million Eight Hundred Ninety Nine Thousand Seven Hundred and Three Dollars and Eighty-Nine Cents (\$1,899,703.89), ( the Loan) which loan is secured by a first position deed of trust on the above described real property. REGAL seeks to transfer title of the said real property to MAJESTIC INN LLC. REGAL has sought Bank's consent to the transfer and Bank's consent is conditioned on a pledge of the Note and Deed of Trust as additional collateral.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and in order to secure repayment of the Loan and performance by REGAL of its obligations thereunder, the Parties do hereby agree as follows:

1. Grant of Security Interest and Collateral Assignment. To secure the complete and timely satisfaction of all liabilities, indebtedness, and obligations of REGAL to Bank under the Loan and all of the documents in connection therewith (the "Loan Documents") and under this Assignment (collectively, the "Obligations"), REGAL hereby grants to Bank a continuing security interest in and assigns and transfers to Bank all of REGAL's right, title, and interest in



and to the Note and Deed of Trust described above; provided, however, that Bank shall not exercise its rights hereunder unless and until there shall be the occurrence of an Event of Default (as defined herein). Unless and until there is an Event of Default and Bank exercises its remedies as described herein, REGAL shall have all of the obligations and responsibilities specified under the Note and Deed of Trust; Bank shall have no obligations or responsibilities under the Note and Deed of Trust, and REGAL shall defend Bank and hold Bank harmless from and against any costs or liabilities under the Note and Deed of Trust.

2. Further Assurances. REGAL agrees that, until all of the Obligations shall have been satisfied in full, REGAL will not materially amend or modify the Note or Deed of Trust, or enter into any agreement which is inconsistent with REGAL's Obligations or Bank's rights under this Assignment, without the Bank's prior written consent. REGAL further agrees that at any time and from time to time, at the expense of REGAL, REGAL will promptly execute and deliver all further instruments and documents, and take all further actions, that may be necessary or desirable, or that Bank may reasonably request, in order to perfect and protect the security interest and collateral assignment granted or purported to be granted hereby or to enable Bank to exercise its rights and remedies hereunder. REGAL will provide Bank the original Note from Majestic, and the Note shall remain in Bank's possession pending performance of the Loan and the terms of this Assignment.

3. Event of Default. Each of the following events shall constitute an "Event of Default" hereunder:

- (a) REGAL shall fail to make any payment according to the terms of the Loan or the Loan Documents;
- (b) There shall be a failure of REGAL to perform any of its other obligations under the Loan, Loan Documents, Note, Deed of Trust, or this Assignment; or
- (c) There shall occur any "Event of Default" as those terms are defined in the Loan Documents.

4. Remedies. Upon the occurrence of an Event of Default, Bank shall be entitled to accelerate the Loan, retain possession of the Note and exercise all of the rights and remedies under the Deed of Trust and the Loan Documents, at law or in equity.

5. Financing Statements. REGAL hereby agrees to execute and authorizes Bank to file UCC-1 financing statements or any other document or instrument reasonably necessary or desirable in order to evidence and perfect the assignment and security interest granted under this Assignment.

6. Severability. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Assignment in any jurisdiction.



7. Modification. This Assignment is subject to modification only by a writing signed by all of the Parties.

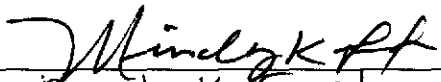
8. Inurement. The benefits and burdens of this Assignment shall inure to the benefit of and be binding upon the respective successors and assigns of the Parties; provided, however, that the foregoing provision shall not invalidate or otherwise modify the restrictions imposed on REGAL hereunder with respect to transferring any part of or interest in REGAL's interest in the Note or Deed of Trust.

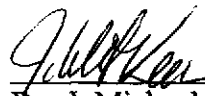
9. Governing Law/Prevailing Party. The validity and interpretation of this Assignment and the rights and obligations of the Parties shall be governed and construed in accordance with the laws of the State of Washington. The prevailing party in any dispute arising out of or relating to this Assignment shall be awarded its attorney's fees and costs as against the non-prevailing party.

IN WITNESS WHEREOF, the Parties have executed this Assignment as of the date first written above.

BANK OF THE PACIFIC

REGAL HOSPITALITY LLC

  
By: Mindy K Frost  
Its: Asst Vice President

  
By: J. Michael Keenan  
Its: Manager



201109300109  
Skagit County Auditor

State of Washington )  
 ) §  
County of Whatcom )

I certify that I know or have satisfactory evidence that Mindy K Frost is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the Asst Vice President of BANK OF THE PACIFIC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 9-29-11

CHERI L. NEYENS  
NOTARY PUBLIC  
STATE OF WASHINGTON  
My Commission Expires June 22, 2013

Cheri L Neyens

Print name: Cheri L Neyens  
Notary Public in and for the state of Washington.  
My appointment expires: 6/22/13

State of Washington )  
 ) §  
County of Whatcom )

I certify that I know or have satisfactory evidence that J. Michael Keenan is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the Manager of REGAL HOSPITALITY LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 9-29-11

CHERI L. NEYENS  
NOTARY PUBLIC  
STATE OF WASHINGTON  
My Commission Expires June 22, 2013

Cheri L Neyens

Print name: Cheri L Neyens  
Notary Public in and for the state of Washington.  
My appointment expires: 6/22/13

