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

Grantor: Mount Vernon Center Associates, LLP

Grantee: Farm Bureau Life Insurance Company of Michigan

Trustee: GUARDIAN NORTHWEST TITLE AND ESCROW COMPANY

Legal Description

PARCEL "A":

ALL THOSE PORTIONS OF THE "PLAT OF MOUNT VERNON ACREAGE",
ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 3 OF PLATS,
PAGE 102, RECORDS OF SKAGIT COUNTY, WASHINGTON, DESCRIBED AS
FOLLOWS:

...

[see schedule 1 for full legal description]

Tax Account Number:

P53856/3746-000-011-0000

1ST AM
NCS-1031191 (29)

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

This deed of trust, assignment of rent and leases, security agreement, and fixture filing (the “**Deed of Trust**” or “**Instrument**”) is dated November 24, 2020, and is made by MOUNT VERNON CENTER ASSOCIATES, LLP, a Washington professional limited liability partnership with an address of 650 S. Orcas St., Suite 210, Seattle, WA 98108 (the “**Grantor**” or “**Debtor**” or “**Borrower**”), to GUARDIAN NORTHWEST TITLE AND ESCROW COMPANY of 1301 Riverside Dr., Mount Vernon, WA 98273 (the “**Trustee**”), as trustee, for the benefit of FARM BUREAU LIFE INSURANCE COMPANY OF MICHIGAN, a Michigan insurance corporation with an address of P.O. Box 30400, 7373 West Saginaw Highway, Lansing, Michigan 48909 (the “**Beneficiary**” or “**Secured Party**” or “**Lender**”).

At the request of Borrower, Lender has agreed to make a loan in the principal amount of \$4,250,000.00 (the “**Loan**”) to assist Borrower in financing the real property located in the city of Mount Vernon, county of Skagit, state of Washington and described in schedule 1 (the “**Land**”) and the buildings, structures, or other improvements now or later constructed or placed upon the Land, including any future alteration, replacement, or addition on that real property (together with the personal property (the “**Personal Property**”) and fixtures (the “**Fixtures**”) related to the Land and described in schedule 2).

As a condition of the loan agreement between Borrower and Lender dated the same date as this Deed of Trust (the “**Loan Agreement**”), Borrower must grant Lender a first and prior lien on the Land and the improvements to the Land and a first and prior security interest on the Personal Property and the Fixtures.

The Loan is evidenced by a promissory note (the “**Note**”) from Borrower to Lender dated the same date as this Deed of Trust maturing on December 1, 2030 (the “**Maturity Date**”). If not included in this Deed of Trust, the applicable interest rate and terms of repayment are included in the Note.

Borrower therefore grants and agrees to the following:

1. **Conveyance.** (a) Borrower hereby irrevocably grants, conveys, and assigns the Mortgaged Property to Trustee, and Trustee’s successors and assigns, in trust, for the benefit of Lender, and with power of sale and right of entry and possession, to have and to hold the Mortgaged Property unto Trustee and Trustee’s successors and assigns, forever for the use and benefit of Lender upon the conditions provided in this Deed of Trust and to secure to Lender all of the following:

- (1) the repayment of the Indebtedness evidenced by the Note and any refinancing, extension, renewal, modification or replacement of the Indebtedness;
- (2) the due and punctual performance and observance of Borrower’s obligations under this Deed of Trust, the Loan Agreement, the Note, or other Connected Document;
- (3) the due and punctual performance of the obligations of William M. Schreiber and Miriam M. Schreiber (each a “**Guarantor**” and together, jointly and severally, the “**Guarantors**”)

under a guaranty agreement between Lender and Guarantors dated the same date as this Deed of Trust (the "**Guaranty**");

- (4) any future advances provided for by this Deed of Trust, with interest; and
- (5) any unpaid balance of Loan advances that Lender may make or may be obligated to make under this Deed of Trust, the Loan Agreement, or other Connected Document after this Deed of Trust is delivered to the register's office for recording.

(b) This Deed of Trust secures the payment of any future obligation of Borrower to Lender and its successors and assigns, however created, arising, or evidenced, whether direct or indirect, absolute or contingent, on the date of this Deed of Trust or later existing or due or becoming due.

(c) For purposes of this Deed of Trust, the following definitions apply:

"Business Day" means a day that is not a Saturday, Sunday, or federal holiday.

"Connected Document" means this Deed of Trust, the Loan Agreement, the Note, or any other instrument or document that evidences, secures, or otherwise relates to the Loan.

"Event of Default" means that term as defined in the Loan Agreement.

"Indebtedness" means the principal due and interest at the fixed rate set under the Note, and all other money due under the Note, the Loan Agreement, this Deed of Trust, or other Connected Document, including any future advance provided for in this Deed of Trust.

"Improvements" means the buildings, structures, or other improvements now or later constructed or placed upon the Land, including any future alteration, replacement, or addition.

"Lien" means a mortgage, deed of trust, deed to secure debt, security interest or other lien or encumbrance on the Mortgaged Property.

"Mortgaged Property" means all of Borrower's present and future right, title, and interest in and to all of the following:

- (1) the Land;
- (2) the Improvements;
- (3) the Personal Property
- (4) the Fixtures;
- (5) all current and future rights, including air rights, development rights, zoning rights, and other similar rights or interests, easements, tenements, rights-of-way, strips and gores of land, streets, alleys, roads, sewer rights, waters, water courses, and appurtenances relating to or benefitting the Land or the Improvements, or both, and any vacated right-of-way, street, alley, or road;
- (6) proceeds paid or to be paid by any insurer of the Land, the Improvements, the Personal Property, the Fixtures, or any other part of the property described in this defined term;

- (7) an award, payment, or other compensation, made or to be made by any governmental authority or other person or entity authorized by law to exercise the power of eminent domain with respect to the Land, the Improvements, the Fixtures, the Personal Property, or any other part of the property described in this defined term, including an award or settlement resulting from a condemnation proceeding or a taking of some or all of the Land, the Improvements, the Fixtures, the Personal Property, or any other part of the property described in this defined term under the power of eminent domain or otherwise, including any conveyance in lieu of the exercise of those powers;
- (8) a contract, option, or other agreement for the sale of the Land, the Improvements, the Fixtures, the Personal Property, or any other part of the property described in this defined term entered into by Borrower, any money or securities deposited to secure performance by a party to the contract, option or other agreement;
- (9) proceeds from the voluntary or involuntary conversion of any of the items described in items (1) to (8) of this defined term, including cash or liquidated claims and the right to collect the proceeds;
- (10) rent, revenue, or other income from the Land or Improvements, including any income, fees, or other charges for goods or services provided on the Land, whether now due, past due, or to become due, any deposit forfeited to Borrower by a tenant, and any maintenance fees, charges, or assessment payable by a tenant, whether now due, past due, or to become due (together the "Rent");
- (11) a present or future lease, sublease, license, concession, grant, or other possessory interest covering or affecting the property described in this defined term and all modifications, extensions, and renewals (each a "Lease");
- (12) earnings, royalties, accounts receivable, issues, and profits from the Land, the Improvements, or any other part of the property described in this defined term;
- (13) money deposited as part of a monthly escrow payment under section 10(a);
- (14) a refund or rebate of (A) a tax, assessment, or other charge levied against or imposed on the Land or the Improvements, or (B) an insurance premium paid to insure the Land or the Improvements;
- (15) a tenant security deposit that has not been forfeited by a tenant under a Lease and any bond or other security in lieu of a tenant security deposit, except for any security deposit that is due and payable to a tenant under a Lease under the terms of that tenant's Lease;
- (16) all names under or by which any of the property described in this defined term is operated or known, and all trademarks, trade names, servicemarks, logos, and goodwill relating to any of the property described in this defined term;
- (17) the estate, title, interest, and rights of Borrower in the Land or Improvements;
- (18) the rent, income, profits, and leases of the Land and Improvements and the tenements, hereditaments, easements, privileges, and appurtenances related to the Land and

Improvements, including any previously or later vacated alley or street abutting the Land and Improvements;

- (19) the accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letter-of-credit rights, letters-of-credit, money, and other personal and fixture property of Borrower relating to the Land or Improvements, or any transactions relating to the Land or Improvements, wherever located, whether now owned on the date of this Deed of Trust or later acquired, or any transactions relating to the Land or Improvements and all accessions, additions, or improvements to, replacements, substitutions, or parts for, and proceeds or products from the Land or Improvements (collectively the "Collateral"), including all of the following:
- (A) all equipment owned by Borrower, including machinery, tools, and furniture;
 - (B) all instruments, leases, accounts, contracts, documents of title, policies, and certificates of insurance, proceeds of insurance, and condemnation awards; and
 - (C) all documents and other records relating to the Collateral, including documents and records relating to environmental matters;
- (20) an award or payment, or right to receive an award or payment, relating to the Land or Improvements to the extent of all amounts that may be secured by this Deed of Trust on the date of Lender's receipt of the award or payment and of reasonable legal fees and expenses incurred by Lender relating to the collection of the award or payment, including interest on the award or payment, resulting from any of the following:
- (A) an exercise of the right of eminent domain;
 - (B) the alteration of the grade of an alley or street abutting the Land;
 - (C) loss of or damage to a building or other improvement on the Land;
 - (D) other injury to or decrease in the value of the Land or Improvements; or
 - (E) a refund due from payment of real estate taxes, assessments, or other charges levied against or imposed on the Land or Improvements;
- (21) Borrower's rights, title, and interest in, to, and under a present or future land contract, sales agreement, or option agreement relating to the Land or Improvements and Borrower's rights under any construction contract and plans or specifications relating to the Land or Improvements; and
- (22) Borrower's rights, title, and interest in, to, and under all present and future permits, licenses, authorizations, franchises, management agreements related to the ownership or operation of the Land or Improvements, and all names, trade names, trademarks, servicemarks, logos, and other material used to advertise the Land or Improvements.

"Secured Obligation" means an obligation secured by this Deed of Trust.

2. **Statements of Fact.** (a) Borrower states that all of the following facts are accurate:

- (1) that at the time of the signing and delivery of this Deed of Trust the Mortgaged Property is unencumbered except for (A) any easement, plat, declaration, restrictive covenant, or other recorded interest in the Mortgaged Property of record on the date of this Deed of Trust (including any lien for real estate taxes not yet due and payable), (B) the rights of the public to any part of the Mortgaged Property, (C) any exceptions indicated on the survey or the title policy required under section 3.3 of the Loan Agreement, or (D) any Lien or encumbrance consented to by Lender in writing;
- (2) that the lien created by this Deed of Trust is a valid first lien upon the Land and Improvements, subject only to an exception described in section 2(a)(1);
- (3) that at the time of the signing and delivery of this Deed of Trust each Lease is in full force and effect with no existing default;
- (4) that neither Borrower nor its partners have granted a prior assignment, encumbrance, or security interest in a Lease that has not been discharged or performed an act or signed any other document that limits or prevents Lender from obtaining the benefit of, and exercising its rights under, this Deed of Trust;
- (5) that the Mortgaged Property is not principally used for agricultural purposes;
- (6) that this Deed of Trust is not granted to secure an obligation incurred primarily for personal, family, or household purposes;
- (7) that this Deed of Trust secures a "commercial loan" as defined in section 61.24.005 of the Revised Code of Washington; and
- (8) that if Borrower or any of its partners is a trust, a trustee has complied with the applicable requirements of section 11.100.140 of the Revised Code of Washington relating to notice and procedure for nonroutine transactions by trustees.

(b) The verb used to introduce a statement of fact in this Deed of Trust does not affect the remedies available for an inaccuracy of that statement of fact.

3. **Security Agreement and Financing Statements.** (a) To secure Borrower's obligations under this Deed of Trust, the Note, the Loan Agreement and other Connected Documents, Borrower and Lender intend for this Deed of Trust to be a "security agreement" under article 9 of the Uniform Commercial Code as effective in Washington (chapter 62A.9A of the Revised Code of Washington) (the "UCC") and for this Deed of Trust to grant Lender a security interest in any portion of the Mortgaged Property for which a security interest may be granted under article 9 of the UCC (together the "UCC Collateral"), including any of the following:

- (1) personal property by Borrower owned now, or later acquired by Borrower, and located on or affixed to the Land, regardless of whether the personal property is a fixture under Washington law;
- (2) products and cash and non-cash proceeds of the Mortgaged Property; and
- (3) proceeds and products of the proceeds of any insurance policy now or later covering any part of the UCC Collateral.

(b) Borrower hereby grants to Lender a security interest in the UCC Collateral. Borrower hereby authorizes Lender to prepare and file financing statements, amendments to financing statements, and continuations of financing statements necessary for Lender to perfect or continue the perfection of the security interest granted by this section 3(a) to the extent necessary under applicable law. Borrower hereby irrevocably authorizes Lender to prepare and file on Borrower's behalf any financing statement, amendment to a financing statement, or continuation of a financing statement under the UCC necessary to establish or maintain the validity, perfection, and priority of Lender's security interest in UCC Collateral. A financing statement, amendment to a financing statement, or continuation of a financing statement may be unsigned, or, if a signature is required, signed only by a representative of Lender. Borrower shall sign, acknowledge, and deliver any further conveyances, documents, mortgages, and assurances that Lender requires for accomplishing the purposes of this Deed of Trust as requested by Lender, including financing statements required by Lender to protect its interests under the UCC.

(c) If Borrower does not comply with a request under section 3(b), Lender may sign, record, file, re-record, and re-file any documents for and in the name of Borrower. Borrower hereby irrevocably appoints Lender as its agent and attorney-in-fact for those purposes.

(d) Borrower shall not do any of the following without the written consent of Lender, unless otherwise permitted under a Connected Document:

- (1) change its name, identity, structure, place of organization, or place of business; or
- (2) add to or change the location at which any of the Mortgaged Property is stored.

(e) Borrower shall notify Lender at least 30 days before changing the location of its place of business (or its chief executive office if Borrower has more than one place of business).

(f) If an Event of Default exists, Lender may exercise the remedies of a secured party under the UCC in addition to any other remedy under this Deed of Trust or applicable law. Lender may exercise its remedies against the UCC Collateral separately or together and in any order without affecting Lender's other remedies.

(g) For purposes of article 9 of the UCC, (1) Borrower is the debtor, (2) Lender is the secured party, (3) information concerning a security interest created by this Deed of Trust may be obtained from Lender at its address in the introductory paragraph of this Deed of Trust, and (4) Borrower's mailing address is included in the introductory paragraph.

(h) Borrower and Lender intend for this Deed of Trust to be construed as a financing statement with respect to any part of the Mortgaged Property that is or may become a Fixture, to the extent permitted by applicable law, including section 62A.9A-502(4)(c) of the Revised Code of Washington.

4. Assignment of Rent. (a) To further secure Borrower's obligations under this Deed of Trust, the Note, the Loan Agreement and other Connected Documents, Borrower hereby absolutely and unconditionally assigns and transfers to Lender, and grants Lender a security interest in, all of Borrower's interest in all Rent, including the right to receive all Rent. Borrower

intends to establish a present, absolute assignment to Lender of all Rent under this section 4(a) without additional action required by Borrower. Borrower shall, as requested by Lender, execute and deliver to Lender additional assignments relating to Rent as Lender may require to protect or enforce its rights under this section 4(a).

(b) Borrower and Lender intend all of the following with respect to the assignment of Rents under section 4(a):

- (1) for the assignment to be immediately effective and an absolute present assignment, not an assignment for additional security only;
- (2) for the assignment to run with the land and be valid against Borrower and all persons claiming by, under, or through Borrower from the date of recording of this Deed of Trust;
- (3) for the assignment to continue as operative during a foreclosure or other proceeding to enforce this Deed of Trust, and if a foreclosure sale results in a deficiency, for the assignment to continue as security during the foreclosure redemption period to the extent permitted by applicable law;
- (4) for purposes of effectuating the assignment, that the assignment not be deemed part of the Mortgaged Property, but if the assignment is not enforceable under Washington law, that the Rent be included as part of the Mortgaged Property and for this Deed of Trust to create and perfect a lien on the Rent in favor of Lender effective beginning on the date of this Deed of Trust.

(c) Until an Event of Default exists, both of the following apply:

- (1) Lender hereby grants to Borrower a revocable license to (A) collect and receive all Rent, (B) hold all Rent in trust for the benefit of Lender, and (C) apply all Rent to pay the installments of principal and interest due and payable under the Note and any other amounts due and payable under the Loan Agreement or other Connected Documents, and to pay the costs and expenses of managing, operating, and maintaining the Mortgaged Property; and
- (2) if any proceeds of Rent remain after application pursuant to section 4(c)(1), Borrower is released from the license granted under section 4(c)(1) and may retain the remaining proceeds free and clear from the license granted under section 4(c)(1).

(d) If an Event of Default exists, regardless of whether Lender enters upon and takes and maintains control and possession of the Mortgaged Property (directly, by a receiver, or by any other manner permitted under Washington law), all of the following apply with respect to Rent:

- (1) Lender may collect, sue for, and compromise Rent;
- (2) Borrower hereby directs each tenant under a Lease to pay all Rent to, or as directed by, Lender;

(3) Borrower's license under section 4(c) is automatically terminated and Lender may without notice collect all Rent due and payable, including Rent due and unpaid at the time of the Event of Default;

(4) Borrower shall pay to Lender upon demand by Lender all Rent to which Lender is entitled under this Deed of Trust, the Loan Agreement, or other Connected Document.

(e) After a demand for Rent under section 4(d)(4), Lender may notify tenants under a Lease of the Event of Default of the demand and of the tenant's obligations to pay Rent to Lender or as directed by Lender. A tenant is not obligated to inquire beyond the notice regarding the Event of Default or demand. Lender may provide notice to a tenant under this section 4(e) by mail addressed to the tenant at its address under the Lease or delivery by hand to the space leased by the tenant under its Lease. Borrower shall cooperate with Lender's collection of Rent under this section 4(e).

(f) If an Event of Default exists, all of the following also apply with respect to Rent:

(1) Lender may enter upon and take and maintain control and possession of the Mortgaged Property (regardless of adequacy of Lender's security or solvency of Borrower and even in the absence of any waste) to perform all acts Lender determines necessary or desirable for the management, operation, or maintenance of the Mortgaged Property, including one or more of the following:

- (A) collecting Rent;
- (B) entering into, modifying, or cancelling one or more Leases;
- (C) repairing the Mortgaged Property;
- (D) entering into, modifying, or terminating one or more contracts providing for the management, operation, or maintenance of the Mortgaged Property;
- (E) protecting the Mortgaged Property or the security of this Deed of Trust for the purpose of enforcing the assignment under section 4(a); or
- (F) taking other action necessary or desirable for the management, operation, or maintenance of the Mortgaged Property;

(2) apply to a court for the appointment of a receiver of the Mortgaged Property (regardless of the adequacy of Lender's security or solvency of Borrower and whether Lender notifies Borrower) for the receiver to take one or more of the actions that Lender may take under section 4(f)(1).

(g) Borrower acknowledges that Lender may exercise the remedies provided by sections 4(d), 4(e), and 4(f)(2) without entering upon and taking and maintaining control and possession of the Mortgaged Property (directly or by a receiver). If an Event of Default exists and Lender requests the appointment of a receiver under section 4(f)(2), Borrower hereby consents to the appointment of a receiver for the Mortgaged Property.

(h) If under this section 4(a), Lender enters upon and takes and maintains possession and control of the Mortgaged Property or a receiver is appointed, all of the following apply:

- (1) Borrower shall surrender possession of the Mortgaged Property to Lender or the receiver;
- (2) Borrower shall deliver to Lender or the receiver all documents, records, accounts, surveys, plans, and specifications relating to the Mortgaged Property and any security deposits and prepaid Rent;
- (3) Lender or receiver may collect a reasonable fee for managing, operating, and maintaining the Mortgaged Property;
- (4) if Lender enters upon and takes and maintains possession and control of the Mortgaged Property, Lender may exclude Borrower and officers, employees, agents, or other representatives of Borrower from the Mortgaged Property;
- (5) if Lender enters upon and takes and maintains possession and control of the Mortgaged Property, Borrower acknowledges that Lender only must account to Borrower for Rent actually received by Lender;
- (6) if Lender enters upon and takes and maintains possession and control of the Mortgaged Property and the money expended by Borrower for those purposes exceeds the Rent collected by Lender, the additional money expended will become an additional part of the Indebtedness as provided in section 15(a); and
- (7) if Lender enters upon and takes and maintains possession and control of the Mortgaged Property, Lender shall not be liable to Borrower, anyone claiming under or through Borrower, or anyone with an interest in the Mortgaged Property due to any act or omission of Lender under this section 4(a), except for Lender's gross negligence or willful misconduct, and Borrower hereby releases Lender from any such liability to the extent permitted by law.

(i) Borrower makes the assignment under this section 4(a) as collateral security and acknowledges that the assignment does not require Lender to perform any of Borrower's obligations under a Lease or waive or invalidate any other right or remedy of Lender under this Deed of Trust or applicable law. Borrower also acknowledges that Lender's exercise of its rights under this section 4(a) are not to be construed as making Lender a mortgagee-in-possession of the Mortgaged Property if Lender has not entered upon and taken and maintained possession and control of the Mortgaged Property.

5. **Assignment of Leases.** (a) To further secure Borrower's obligations under this Deed of Trust, the Note, the Loan Agreement and other Connected Documents, Borrower hereby absolutely and unconditionally assigns and transfers to Lender, all of Borrower's right, title, and interest to and under any Lease, including Borrower's authority to extend, modify, or terminate a Lease. Borrower shall, as requested by Lender, execute and deliver to Lender additional assignments relating to Leases as Lender may require to protect or enforce its rights under this section 5(a).

(b) Borrower and Lender intend all of the following with respect to the assignment of Leases under section 5(a):

- (1) for the assignment to be immediately effective and an absolute present assignment, not an assignment for additional security only;
- (2) for the assignment to run with the land and be valid against Borrower and all persons claiming by, under, or through Borrower from the date of recording of this Deed of Trust;
- (3) for the assignment to continue as operative during a foreclosure or other proceeding to enforce this Deed of Trust, and if a foreclosure sale results in a deficiency, for the assignment to continue as security during the foreclosure redemption period to the extent permitted by applicable law;
- (4) for purposes of effectuating the assignment, that the assignment not be deemed part of the Mortgaged Property, but if the assignment is not enforceable under Washington law, that the Leases be included as part of the Mortgaged Property and for this Deed of Trust to create and perfect a lien on the Leases in favor of Lender effective beginning on the date of this Deed of Trust.

(c) Until Lender notifies Borrower of Lender's exercise of its rights under this section 5(a), Borrower possesses all rights, power, and authority of Borrower under a Lease (except as otherwise limited by this section 5(a) or other provision of this Deed of Trust, the Loan Agreement, or other Connected Document).

(d) If an Event of Default exists, Borrower's authorization to exercise rights, power, and authority under a Lease pursuant to section 5(c) automatically terminates upon the Event of Default. Borrower shall comply with and observe Borrower's obligations under all Leases, including Borrower's relating to the maintenance and disposition of a security deposit paid by a tenant under a Lease.

(e) If an Event of Default exists and Lender notifies Borrower of Lender's exercise of its rights under this section 5(a), regardless of whether Lender enters upon and takes and maintains control and possession of the Mortgaged Property (directly, by a receiver, or by any other manner permitted under Washington law), upon that notice, both of the following apply with respect to Leases:

- (1) Lender may exercise all rights powers, and authority of Borrower under a Lease, including modifying, extending, or terminating a Lease; and
- (2) upon request of Lender, Borrower shall promptly deliver to Lender an executed copy of each Lease effective at the time of the request.

(f) If Lender does not enter upon and take and maintain possession and control of the Mortgaged Property, Lender shall not be obligated to do any of the following:

- (1) to perform any of the terms of a Lease or otherwise have an obligation relating to a Lease;
- (2) to appear in or defend any proceeding relating to the Lease or the Mortgaged Property; or

(3) be responsible for the operation, control, care, management, or repair of the Mortgaged Property, and Borrower hereby acknowledges that the signing of this Deed of Trust by Borrower constitutes conclusive evidence that all responsibility for the operation, control, care, management, and repair of the Mortgaged Property is Borrower's responsibility before any entry and taking of possession of the Mortgaged Property by Lender.

(g) Lender shall not be liable for an injury or damage to a person or property sustained by a person on or about the Mortgaged Property, except for Lender's gross negligence or willful misconduct. Borrower hereby releases Lender from any such liability to the extent permitted by law.

(h) Borrower makes the assignment under this section 5(a) as collateral security and acknowledges that the acceptance of the assignment by Lender does not obligate Lender to take an action under this Deed of Trust or to expend any money or incur any expenses. Borrower also acknowledges that Lender's exercise of its rights under this section 5(a) are not to be construed as making Lender a mortgagee-in-possession of the Mortgaged Property if Lender has not entered upon and taken and maintained possession and control of the Mortgaged Property.

6. **Assignment of Contracts and Agreements.** (a) To further secure Borrower's obligations under this Deed of Trust, the Note, the Loan Agreement and other Connected Documents, Borrower hereby assigns Borrower's interest in all agreements, contracts (including a contract for the lease or sale of the Land or Improvements), licenses, and permits affecting the Mortgaged Property to Lender.

(b) Borrower shall not, without Lender's written approval, cancel or amend any of the agreements, contracts, licenses, or permits assigned by section 6(a) or permit their termination if they are necessary or desirable for the operation of the Mortgaged Property, except in the ordinary course of business.

(c) Borrower and Lender acknowledge both of the following:

- (1) that an assignment under this section 6(a) is not consent by Lender to an agreement, contract, license, or permit assigned and does not imposes obligations on Lender; and
- (2) this section 6(a) is not a present assignment of any agreement, contract, license, or permit that Borrower is required by law to hold and to operate the Mortgaged Property for the purposes intended.

(d) This section 6(a) does not apply to an agreement, contract, license, or permit that terminates if it is assigned without the consent of any party other than Borrower or the issuer, unless the consent has been obtained or the assignment under this section 6(a) is ratified by the party.

7. **Additional Borrower Obligations.** (a) Borrower shall pay when due all money due to Lender under the Loan. Borrower also shall observe and punctually perform Borrower's obligations under this Deed of Trust and its obligations under the Loan Agreement and any other Connected Document.

(b) Borrower shall defend generally the title to the Mortgaged Property against all claims and demands, subject to (1) any easement, plat, declaration, restrictive covenant, or other recorded interest in the Mortgaged Property of record on the date of this Deed of Trust, (2) the rights of the public to any part of the Mortgaged Property, or (3) any Lien consented to by Lender in writing.

(c) Borrower shall ensure that the lien created by this Deed of Trust remains a first lien upon the Mortgaged Property, subject only to an exception described in section 2(a)(1). Lender does not consent to any contract or work or to the furnishing of any materials that might create a Lien superior to the lien of this Deed of Trust.

(d) Borrower shall provide Lender with certificates of occupancy (if available) and other documents, information, and statements pertaining to the Mortgaged Property and Borrower's operations as requested by Lender. Borrower shall pay the expense of providing documentation or other information under this section 7(d).

(e) Borrower shall comply with all applicable federal, state, and local environmental laws, rules, and regulations.

(f) Borrower shall perform all of its obligations as landlord under a Lease. If Borrower does not, Lender may, without releasing Borrower from the obligation, satisfy the obligation in the manner and to the extent Lender deems necessary to protect its rights and interests under this Deed of Trust.

(g) Borrower shall not without the prior written consent of Lender do any of the following:

- (1) cancel or accept surrender of a Lease;
- (2) modify a Lease;
- (3) reduce the amount or postpone payment of Rent;
- (4) consent to assignment of a lessee's interest in a Lease or to subletting;
- (5) collect or accept payment of rent under a Lease for more than one month in advance (not including a security deposit); or
- (6) make any other assignment, pledge, encumbrance, or other disposition of a Lease or any Rent.

(h) Borrower shall not permit a breach or default under a Lease to continue for 30 days or more without Borrower commencing and pursuing in good faith and with due diligence its available and commercially reasonable remedies under the Lease or applicable law.

(i) Borrower shall not use the property principally for agricultural purposes.

8. **Maintenance.** (a) Borrower shall preserve and maintain the Mortgaged Property in good repair and working order and shall repair or improve the Mortgaged Property, or both, as necessary to assure that the value and efficiency of the Mortgaged Property is maintained and Lender's security is not impaired.

(b) Borrower shall not permit the use of the Mortgaged Property for any unlawful purpose. An underground storage tank must not be installed on the Land.

(c) Borrower shall not remove or demolish a building on the Land or other Improvement, or permit another person or entity to do so, without the prior written consent of Lender. Borrower may without the consent of Lender remove and dispose of Personal Property or other equipment that is worn out or obsolete free from the lien of this Deed of Trust if before or at the time of removal the Personal Property or equipment is replaced with other new Personal Property or equipment of like kind and quality free from any Lien. By removing and replacing Personal Property or equipment pursuant to this section 8(c), Borrower hereby subjects any replacement property or equipment to the lien of this Deed of Trust.

(d) Borrower shall not materially or structurally alter, add to, or improve a building or other improvement on the Land, or permit another person or entity to do so, without Lender's prior written consent.

(e) Borrower shall comply promptly with all laws, ordinances, regulations, and orders of any governmental entity with jurisdiction over the Land relating to the use, occupancy, and maintenance of the Land and Improvements, and shall submit promptly to Lender evidence of compliance upon request by Lender. Borrower may contest the enforceability or applicability of a law, ordinance, regulation, or order, but Lender may require Borrower to comply with a contested law, ordinance, regulation, or order while the contest and any appeal is pending.

(f) Borrower shall not commit or permit the commission of waste on the Land. Failure to pay a tax, assessment, or other charge levied against the Mortgaged Property, or to pay an insurance premium upon policies covering the Mortgaged Property will constitute waste (without limiting the meaning of "waste" to nonpayment) to the extent permitted by applicable law. Borrower acknowledges that if waste occurs, Lender may pursue all remedies provided for by law. Borrower hereby consents to the appointment of a receiver of the Mortgaged Property and its Rent, with the powers conferred by an appointing court, if Lender seeks appointment of a receiver pursuant to law to remedy waste.

(g) Lender may enter the Land and Improvements if Lender determines the Mortgaged Property requires inspection, repair, care, or attention not provided by Borrower, subject to the rights of a tenant under a Lease. Lender may inspect, repair, or maintain the Mortgaged Property at Borrower's expense as Lender deems necessary or advisable. Borrower acknowledges that any money advanced by Lender for the inspection, repair, care, or maintenance will be deemed an advance to cure a default under section 15(a).

9. **No Secondary Financing.** (a) Borrower shall not mortgage or pledge the Mortgaged Property for any other loan without the prior written consent of Lender. If Borrower mortgages or pledges the Mortgaged Property without the prior written consent of Lender, Lender may declare the Indebtedness immediately due and payable without notice or further demand. Borrower shall pay any obligation, liability, or debt that may become a Lien upon or charge against the Land, Improvements, Personal Property, or Fixtures for any repair or improvement made to the Land, Improvements, Personal Property, or Fixtures. Borrower shall not, without Lender's

prior written consent, permit any Lien or charge of any kind to accrue and remain outstanding against the Land, Improvements, Personal Property, or Fixtures.

(b) Notwithstanding section 9(a), if any Personal Property or Fixtures by way of addition, replacement, or substitution is purchased and installed, affixed, or placed by Borrower on the Land under a security agreement, the lien or title of which is superior to the lien created by this Deed of Trust, all the right, title, and interest of Borrower in and to any deposits or payments made on the Personal Property or Fixtures by Borrower are hereby assigned to Lender and are covered by the lien of this Deed of Trust.

10. **Taxes, Assessments, and Insurance.** (a) Borrower shall pay to Lender monthly escrow payments in the amounts and at the times determined by Lender to enable Lender to do all of the following:

- (1) timely pay all taxes, assessments, and charges levied on the Land, Improvements, Personal Property, or Fixtures before any penalty for nonpayment applies;
- (2) timely pay all taxes, assessments, and other charges levied upon or on account of this Deed of Trust or the Indebtedness or upon the interest or estate in the Land and Improvements created or represented by this Deed of Trust, whether levied against Lender or otherwise, excluding any income or franchise taxes or other similar taxes not related to the Land and Improvements; and
- (3) timely pay all insurance premiums in the amounts and at the times determined by Lender to keep the Mortgaged Property continuously insured against loss by fire, windstorm, and other hazards, casualties, and contingencies, including, where applicable, flood insurance required by the Loan Agreement or by law or regulation, vandalism, and malicious mischief.

(b) Notwithstanding section 10(a)(1) or other contrary provision of this Deed of Trust, Borrower may in good faith and by appropriate proceedings diligently contest a tax, assessment, or charge levied on the Land, Improvements, Personal Property, or Fixtures, and, if Borrower does so, Borrower may permit the tax, assessment, or charge contested to remain unpaid while contested, including any appeal, if all of the following apply:

- (1) during that period, enforcement of the contested tax, assessment, or other charge is stayed;
- (2) Borrower notifies Lender periodically of the status of contest; and
- (3) Borrower either establishes appropriate reserves for the payment of the contested tax, assessment, or charge (including applicable interest and penalties) on its books or Borrower gives Lender security satisfactory to Lender for the payment of the contested tax, assessment, or charge.

(c) If a tax, assessment, or charge is refunded to Lender, Lender shall promptly pay the amount refunded to Borrower.

11. **Insurance.** (a) Borrower shall obtain insurance from an insurer approved by Lender Beneficiary as satisfying the requirements under section 5.11 of the Loan Agreement. The policies

and renewals of the insurance must comply with any requirements applicable under this Deed of Trust or the Loan Agreement. The insurance must keep the Land, Improvements, Personal Property, and Fixtures continuously insured against loss by fire, windstorm, and other hazards, casualties, and contingencies, including, where applicable, flood insurance required by law or regulation, vandalism, and malicious mischief, in the amounts and for the periods of time as required under the Loan Agreement or otherwise required by Lender, and satisfy both of the following:

- (1) be held by, and pledged to, Lender, unless Lender directs or permits otherwise, as additional security under this Deed of Trust; and
- (2) include a mortgage clause acceptable to Lender that makes losses under the policies or renewal policies payable to Lender and its successors and assigns.

(b) If loss or damage occurs to the Land, Improvements, Personal Property, or Fixtures, Borrower shall notify Lender writing of the loss or damage within one Business Day of the loss or damage. Lender may make proof of loss or damage if Borrower does not promptly do so. Subject to section 11(c), an insurer of the Land, Improvements, Personal Property, and Fixtures is hereby authorized and directed to make payment for the loss or damage to the extent of the Indebtedness, directly to Lender instead of to Borrower and Lender jointly. Lender may apply the insurance proceeds toward reimbursement of all costs and expenses of Lender in collecting the proceeds. Lender may apply any remaining balance (1) to the Indebtedness due or to become due under the Loan, (2) to fulfill any other obligation of Borrower under the Loan Agreement or any other obligation of Borrower to Lender, or (3) to the restoration or repair of the property damaged. Application by Lender of any insurance proceeds toward payment of any principal and interest due or to become due under the Loan does not excuse Borrower from making regularly scheduled payments due under the Loan, nor does the application of insurance proceeds extend or reduce the amount of the payments under the Loan.

(c) If no Event of Default exists, Lender shall make insurance proceeds available to Borrower for restoration of the Land, Improvements, Personal Property, and Fixtures if, in the reasonable judgment of Lender, (1) the insurance proceeds available plus other money available to Borrower and deposited with Lender under disbursement provisions for construction loans reasonably required by a prudent lender equal or exceed the cost to restore the Land, Improvements, Personal Property, or Fixtures; and (2) after exercise by all tenants under a Lease of any applicable rights of cancellation arising from loss or damage to the Land, Improvements, Personal Property, or Fixtures, the annual rental income that will be derived from the Mortgaged Property after deduction of real estate taxes and operating expenses is not less than 125% of annual principal and interest payments on the Indebtedness. However, if Borrower does not promptly and diligently restore the Land, Improvements, Personal Property, or Fixtures within 12 months of the loss or damage to the Land, Improvements, Personal Property, and Fixtures, Lender may apply the insurance proceeds toward reimbursement of all costs and expenses of Lender in collecting the insurance proceeds and Lender may apply any remaining balance of insurance proceeds (1) to the Indebtedness due or to become due under the Loan, (2) to fulfill any other obligation of Borrower

under the Loan Agreement or any other obligation of Borrower to Lender, or (3) to the restoration or repair of the property damaged.

(d) Lender shall release any proceeds not applied under section 11(b) to Borrower. Borrower shall use any released proceeds to restore or repair the Land, Improvements, Personal Property, or Fixtures unless Lender otherwise specifies in writing.

(e) If this Deed of Trust is foreclosed or other transfer of title to the Land, Improvements, Personal Property, and Fixtures results in extinguishment of the Indebtedness, all right, title, and interest of Borrower in and to any insurance policy then in force will pass to the purchaser or grantee, if permitted under the policy. Borrower hereby irrevocably appoints Lender as Borrower's attorney-in-fact, in Borrower's name and stead, to file all proofs of claim and, if there then exists an Event of Default, to negotiate, accept, and endorse all settlements, to assign and transfer all insurance policies and proceeds to a purchaser upon foreclosure of this Deed of Trust, and to otherwise deal with all insurers with respect to any insurance carried or required to be carried by Borrower under this Deed of Trust with respect to the Land, Improvements, Personal Property, and Fixtures.

12. **Eminent Domain.** If the Land, Improvements, Personal Property, and Fixtures or any part of the Land, Improvements, Personal Property, and Fixtures is taken by eminent domain, the entire award or payment in lieu of condemnation, to the full extent of the Indebtedness, must be paid to Lender and applied toward reimbursement of all of Lender's costs and expenses incurred in connection with collecting the award or payment, and any portion of the balance, at Lender's option, to the last maturing installments of principal and interest due or to become due under the Loan, to satisfy any Secured Obligation, or to repair or restore the Land, Improvements, Personal Property, and Fixtures. Lender may receive and give acquittance for any eminent domain award or payment in lieu of condemnation, in the name of Borrower, but Lender will not be held responsible for failure to collect the award or payment regardless of the cause of the failure.

13. **Due on Sale.** (a) Unless permitted or approved under the Loan Agreement, Borrower shall not sell or otherwise transfer any of Borrower's interest in the Mortgaged Property without the express written approval of Lender. If Borrower sells or otherwise transfers any of Borrower's interest in the Mortgaged Property without the express written approval of Lender or as otherwise permitted or approved under this Deed of Trust or the Loan Agreement, Lender may accelerate the Loan (including any applicable prepayment charge).

(b) If Lender approves a sale or transfer of an interest in the Mortgaged Property, Lender may require Borrower to pay one or more of the following:

- (1) other expenses incurred by Lender or Lender's loan servicer, including reasonable legal fees and expenses; or
- (2) a transfer fee equal to 1.5% of the outstanding principal balance of the Loan at the time of the transfer.

(c) A voluntary or involuntary disposition by Borrower of an interest in the Land, Improvements, Personal Property, or Fixtures or of a Controlling Interest in Borrower, is a

transfer for purposes of this section 13(a), excluding a transfer authorized under section 5.4(b) of the Loan Agreement.

(d) Notwithstanding a contrary provision of this Deed of Trust, if there has been no uncured default on the Loan, Lender shall not unreasonably withhold its consent to, or charge a transfer fee for, any of the following:

- (1) a transfer of an interest in Borrower between or among the partners of Borrower if the transfer does not change the Controlling Interest in Borrower; or
- (2) a transfer of an interest in the Land, Improvements, Personal Property, and Fixtures or in Borrower to a lineal descendant of a partner of Borrower for estate planning purposes.

(e) If Lender consents to a transfer described in section 13(d), Borrower shall pay all reasonable expenses incurred by Lender in connection with the transfer, including legal fees and expenses, and the consent does not release the liability of Borrower or a Guarantor under this Deed of Trust, or of Borrower or a Guarantor under the Loan Agreement or a Connected Document.

(f) A sale of the Real Property under which the proceeds from the sale will be used to satisfy all of Borrower's obligations under this Deed of Trust and the Connected Documents is not subject to a transfer fee under this section 13(a).

(g) Borrower acknowledges that nothing in this Deed of Trust obligates Lender to approve a transfer under this section 13(a).

(h) For purposes of this section 13(a), "**Controlling Interest**" means an interest in Borrower greater than 50% of the total membership interests in Borrower.

14. Default and Remedies. (a) If an Event of Default exists, a default in Borrower's performance of an obligation under this Deed of Trust occurs and is not remedied within any notice period and cure period under this Deed of Trust, or a proceeding is initiated that purports to affect the Lien held by Lender on the Mortgaged Property, Borrower's obligations under this Deed of Trust, Guarantor's obligations relating to this Deed of Trust under the Guaranty, or Lender's rights under this Deed of Trust, Lender may do one or more of the following:

- (1) demand payment of any delinquent payment under the Note or otherwise, and, if not paid on demand, initiate a proceeding to collect the unpaid amount owed;
- (2) declare the Indebtedness immediately due and payable in full, and, if the Indebtedness is not paid in full, without further demand initiate a proceeding for payment of the Indebtedness;
- (3) advance money as Lender deems necessary to (A) to cure the Event of Default or the default under this Deed of Trust, or (B) to induce the holder of the Lien to forbear from exercising its rights, or both;
- (4) obtain, including without notice to Borrower, the appointment of a receiver by a court, without regard for the adequacy of any security for the Indebtedness, to take possession of and protect the Land, Improvements, and Fixtures, operate the Land, Improvements, and

Fixtures, and collect the rent, income, and profits from the Land, Improvements, and Fixtures;

- (5) enter into peaceful possession of the Land and Improvements and receive the Rent, terminate any tenancy on the Land, initiate proceedings to recover Rent or possession of the Land from a tenant or trespasser, or both, and apply the Rent in accordance with this Deed of Trust, lease the Land on terms Lender deems advisable, or collect oil and gas royalties or any other income from the Mortgaged Property;
- (6) procure foreclosure or title reports;
- (7) procure appraisals, environmental audits, and other investigations or analysis of the Mortgaged Property as Lender determines necessary to satisfy regulatory or accounting rules, procedures, or practices, or otherwise prudent or necessary;
- (8) after giving Borrower notice in the manner required by Washington law, Lender may invoke the power of sale and any other remedies permitted by Washington or provided in this Deed of Trust or a Connected Document;
- (9) exercise any other remedy available to Lender in law or equity, with the remedies exercised such concurrently, consecutively in any order, or alternatively, and at the sole discretion of Lender; and
- (10) take other measures, including one or more proceedings to secure the performance of the Indebtedness, protect Borrower's interest in the Mortgaged Property, or protect the lien of this Deed of Trust.

(b) After an Event of Default or other default described in section 14(a), both of the following will apply:

- (1) Lender or Trustee may advise nonparties of the amount or estimated amount of principal, interest, and expenses projected to be owed as of the date of any foreclosure sale and may share any other available information regarding the Mortgaged Property;
- (2) any release provision included in this Deed of Trust, the Loan Agreement, or other Connected Document under which Lender agreed to release all or part of the Mortgaged Property upon the payment of less than all of the Indebtedness will be void, and Lender will not be obligated to release any of the Mortgaged Property until the Indebtedness is paid in full.

(c) If an advance of money is made under section 14(a)(3), Lender may rely upon the apparent genuineness and accuracy of any demand, document, claim, statement, or invoice presented to Lender, and Lender is not required to further independently investigate or confirm the genuineness or accuracy of, or any other fact pertaining to the demand, document, claim, statement, or invoice. Repayment of money advanced by Lender is secured by this Deed of Trust and constitutes a further Lien upon the Mortgaged Property, payable upon demand with interest at the Default Rate provided in the Note from the date of the advance to the date of repayment. Lender is not obligated to make an advance to, or for the benefit of, Borrower. An advance by Lender will not cure an Event of Default or other default by Borrower or preclude

Lender from foreclosing this Deed of Trust or exercising any other right or remedy available to Lender.

(d) If Lender takes an action under section 14(a)(5), Lender may do one or more of the following:

- (1) apply the net proceeds of Rent or other money received by Lender in the priority determined by Lender for any of the following purposes:
 - (A) preservation, maintenance, or operation of the Mortgaged Property;
 - (B) payment of taxes, assessments, and insurance premiums on the Mortgaged Property;
 - (C) payment of costs and expenses incurred by Lender in exercising its rights under section 14(a)(5); and
 - (D) payment of Indebtedness;
- (2) require a tenant under a Lease, upon demand and notice by mail from Lender, to pay all Rent under the Lease to Lender, without any obligation of the tenant to determine the actual existence of an Event of Default or default under this Deed of Trust by Borrower or liability to Borrower arising from the notice; or
- (3) enter on the Mortgaged Property, by its officers, employees, or agents, to collect Rent, and to operate and maintain the Mortgaged Property, with Borrower hereby authorizing Lender to perform all acts necessary to operate and maintain the property in the same manner and to the same extent as Borrower under a Lease.

(e) If Lender exercises the power of sale as provided under section 14(a)(8), all of the following apply:

- (1) Lender shall notify Trustee in writing of the Event of Default and of Lender's election to sell the Mortgaged Property;
- (2) Trustee and Lender shall provide notice to Borrower as required by Washington law;
- (3) after the lapse of time required by Washington law, Trustee shall sell the Mortgaged Property according to Washington law;
- (4) Trustee may sell the Mortgaged Property at the time and place and under the terms designated in the notice of sale in one or more parcels in the order determined by Trustee;
- (5) Trustee may postpone the sale of all or any part of the Mortgaged Property for a period or periods not exceeding a total of 30 days by public announcement at the time and place designated in the notice of sale;
- (6) Lender or a designee of Lender may purchase the Mortgaged Property at any sale;
- (7) within a reasonable time after the sale, Trustee shall deliver to the purchaser at the sale a deed conveying the Mortgaged Property as sold without any covenant or warranty, express or implied;

- (8) a recital in a deed issued by Trustee will be evidence on its face of the truth of a statement made in the recital; and
- (9) Trustee shall apply the proceeds of the sale in the following order of priority:
- (A) to all costs and expenses of the sale, including Trustee's fees that do not exceed 5% of the gross sales price;
 - (B) to the Indebtedness in the order that Lender directs;
 - (C) with any excess to the clerk of the Superior Court of Pierce County;
- (f) Borrower hereby acknowledges that Lender may exercise the power of sale provided under section 14(a)(8) without a prior judicial hearing.
- (g) Borrower may bring an action to assert that an Event of Default does not exist or to raise any other defense borrower may have to acceleration under section 14(a)(2) or sale under section 14(a)(8).
- (h) Lender shall not exercise a remedy under this section 14(a) against a partner of Borrower other than a Guarantor pursuant to the Guaranty, except as provided in section 25.15.126 of the Revised Code of Washington.
- (i) If chapter 61.24 of the Revised Code of Washington or other applicable Washington law requires that the "fair market value" or the "fair value" of the Mortgaged Property be determined as of the foreclosure date to enforce a deficiency against the Borrower or any other person or entity liable for repayment of obligations secured by this Deed of Trust, Borrower and Lender intend that "fair market value" or "fair value" include factors required by law and both of the following factors:
- (1) the property must be valued "as is" and "with all faults" with no assumption of restoration or refurbishment of improvements, if any, after the date of the foreclosure; and
 - (2) an offset to the "fair market value" or "fair value" of the Mortgaged Property, as determined under this section 14(e), must be made by deducting from the "fair market value" or "fair value" the reasonable estimated closing costs relating to the sale of the Mortgaged Property, including brokerage commissions, title policy expenses, tax prations, escrow fees, and other charges commonly incurred by the seller of real property.
- (j) Borrower shall pay for any appraisal and other expenses incurred in connection with the "fair market value" or "fair value" under section 14(e).
- (k) Lender may collect all costs and expenses incurred in pursuing a remedy under this section 14(a), including legal fees and expenses and costs of documentary evidences, abstracts, and title reports.

15. **Security Protection; Future Advances.** (a) If Borrower does not perform its obligations under this Deed of Trust, the Loan Agreement, the Note, or other Connected Document, or if a proceeding is initiated that purports to affect the Mortgaged Property, Lender's security, or Lender's rights under this Deed of Trust, then Lender may make appearances, file

documents, disburse money, and take other action Lender deems necessary to protect Lender's interests, including doing one or more of the following:

- (1) pay reasonable legal fees and expenses incurred;
- (2) pay reasonable fees and expenses of accountants, inspectors and other consultants incurred;
- (3) enter upon the Mortgaged Property to make repairs or secure the Mortgaged Property, or both;
- (4) procure insurance required by the Loan Agreement or this Deed of Trust;
- (5) pay money that Borrower has failed to pay under the Loan Agreement, the Note, this Deed of Trust, or other Connected Document;
- (6) perform any of Borrower's obligations under the Loan Agreement, the Note, this Deed of Trust, or other Connected Document; or
- (7) advance money to pay, satisfy, or discharge an obligation of Borrower for the payment of money secured by a Prior Lien.

(b) If money is disbursed by Lender under this section 15(a), or under another section of this Deed of Trust indicating that the disbursement is a disbursement for purposes of this section 15(a), all of the following apply to the money disbursed:

- (1) it is secured by this Deed of Trust;
- (2) it is added to and becomes part of the principal component of the Indebtedness upon disbursement;
- (3) it is immediately due and payable; and
- (4) it will bear interest from the date of disbursement until paid at the default rate under the Loan Agreement.

(c) If proceeds of the Loan or advances of money by Lender pursuant to this Deed of Trust are used to pay, satisfy, or discharge a Prior Lien, the money advanced is deemed as advanced by Lender at Borrower's request and Lender will automatically, without additional action by Lender, be subrogated to the rights, including priority of the Prior Lien, of the owner or holder of the obligation secured by the Prior Lien, whether or not the Prior Lien is released.

(d) Lender's rights and remedies under this section 15(a) do not exclude any other rights or remedies available to Lender under this Deed of Trust or under law or at equity and are concurrent and cumulative.

(e) As used in this section 15(a), "Prior Lien" means a mortgage, deed of trust, or other Lien encumbering the Land existing before this Deed of Trust.

16. **Non-Lender Liens; Insolvency Proceedings.** Lender may without notice declare the Indebtedness to be immediately due and payable and may institute one or more proceedings, including foreclosure of this Deed of Trust, as Lender deems necessary to protect its interest in the Mortgaged Property, if one or more of the following occur:

- (1) a mortgage foreclosure proceeding not brought by Lender is initiated against the Mortgaged Property and not discontinued within 30 days after initiation;
- (2) a federal, state, or local tax lien, seizure, levy, forfeiture, or any other Lien, is filed or recorded against the Mortgaged Property and not discontinued, reserved for in cash in an amount and manner satisfactory to Lender, or bonded by a company satisfactory to Lender within 30 days after recording or filing;
- (3) an insolvency or receivership proceeding (voluntary or involuntary) is instituted by or against Borrower for the liquidation or rehabilitation of Borrower's assets and affairs; or a criminal proceeding is initiated in which forfeiture of the Mortgaged Property is a potential penalty.

17. **Substitute Trustee.** Lender may, in accordance with Washington law, from time to time appoint a successor trustee to any trustee appointed under this Deed of Trust. A successor trustee appointed by Lender will succeed to all of title, power, and duties previously conferred upon the Trustee or preceding trustee an all title, power, and duties provided by applicable law and becomes the "Trustee" for purposes of this Deed of Trust.

18. **Suretyship Waivers.** (a) This Deed of Trust secures an obligation of payment and not of collection. Borrower acknowledges that Lender's recourse on this Deed of Trust is immediate any time after (1) the Secured Obligation or other obligation is not paid when due (whether by acceleration or otherwise) or (2) after an Event of Default or other default under this Deed of Trust.

(b) Borrower acknowledges all of the following:

- (1) that Lender's rights under this Deed of Trust are not contingent on the exercise or enforcement by Lender of a remedy it may have against Borrower or others, or on the enforcement of any other Lien or realization on any other security or collateral Lender possesses;
- (2) that Lender may bring one or more successive or concurrent proceedings against Borrower either in the same action or in separate actions;
- (3) that an election by Lender to proceed in one form of action or on any obligation is not a waiver of Lender's right to proceed in any other form of action or against other persons or entities unless Lender expressly waives the right in writing;
- (4) that a proceeding brought by Lender against Borrower under any instrument or document evidencing or securing the Indebtedness will not diminish the rights of Lender under this Deed of Trust, except to the extent that Lender realizes payment of the Indebtedness by the action or proceeding.

(c) Borrower's obligations under this Deed of Trust will not be affected or impaired by any of the following:

- (1) an amendment, alteration, extension, renewal, waiver, indulgence, or other modification of the Indebtedness;

- (2) a settlement or compromise in connection with the Indebtedness;
- (3) a subordination of payments under the Indebtedness to any other debt or claim;
- (4) a substitution, exchange, release, or other disposition of Collateral for the Indebtedness;
- (5) the failure, delay, neglect, act, or omission by Lender to act in connection with the Indebtedness;
- (6) an advance for the purpose of performing an obligation of Borrower or remedying a default under this Deed of Trust;
- (7) the filing by or against Borrower of bankruptcy, insolvency, reorganization, or other debtor's relief afforded Borrower pursuant to a law relating to bankruptcy, insolvency, or reorganization, or by the decision of a court; or
- (8) any other matter.

(d) Borrower acknowledges that its obligations under this Deed of Trust are unconditional, notwithstanding any defect in the genuineness, validity, regularity, or enforceability of the Indebtedness or any other circumstances that might otherwise constitute a legal or equitable discharge or defense of a surety or Borrower.

(e) Borrower hereby waives every defense that under principles of suretyship law, or otherwise, would otherwise operate to impair or diminish Borrower's liability or Lender's rights under this Deed of Trust, including any of the following:

- (1) notice of acceptance of this Deed of Trust and of creation of Indebtedness of Borrower to Lender;
- (2) a subrogation to Lender's rights against Borrower until the Indebtedness are paid in full;
- (3) presentment and demand for payment of any Indebtedness of Borrower;
- (4) protest, notice of protest, and notice of dishonor or default to Borrower or to any other party with respect to any of the Indebtedness;
- (5) all other notices to which Borrower might otherwise be entitled;
- (6) any demand for payment under this Deed of Trust;
- (7) any defense arising by reason of any disability or other defense of Borrower by reason of the cessation from any cause of the liability of Borrower;
- (8) any rights to extension, composition, or otherwise under a law relating to bankruptcy, insolvency, or reorganization; and
- (9) any right or claim or claim of right to cause a marshalling of Borrower's assets.

(f) A notice to or demand on Borrower will not be deemed a waiver of Borrower's obligations or of Lender's right to take further action without notice or demand.

19. **Waiver of Statute of Limitations, Offsets, and Counterclaims.** (a) Borrower hereby waives any right to assert any statute of limitations as a bar to the enforcement of the lien

of this Deed of Trust, or to any action brought to enforce this Deed of Trust, the Loan Agreement, the Note, or other Connected Document.

(b) Borrower hereby waives any right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by Lender otherwise to offset any obligations to make payments required by this Deed of Trust, the Loan Agreement, the Note, or other Connected Document.

(c) No Failure of Lender to perform any of its obligations under this Deed of Trust will be a valid defense to, or result in any offset against, any payment that Borrower must make under this Deed of Trust, the Loan Agreement, the Note, or other Connected Document.

20. **Waiver of Marshalling.** (a) Notwithstanding any other security interests in the Mortgaged Property held by Lender or another person or entity, Lender may determine the order in which some or all of the Mortgaged Property will be subjected to the remedies provided in this Deed of Trust, the Loan Agreement, the Note, or any other Connected Document, or provided under applicable law. Lender may determine the order in which some or all portions of the Indebtedness is satisfied from the proceeds realized from the exercise of a remedy.

(b) Borrower and any person or entity that acquires a security interest in the Mortgaged Property in the future with actual or constructive notice of this Deed of Trust hereby waives any right to require the marshalling of assets or to require that any of the Mortgaged Property be sold in the inverse order of alienation or that any of the Mortgaged Property be sold in parcels or as an entirety in connection with the exercise of any of the remedies permitted by applicable law or provided in this Deed of Trust.

21. **Environmental Obligations.** (a) Notwithstanding any contrary provision of a Connected Document, this Deed of Trust does not secure any of the following:

- (1) reimbursement obligations of Borrower to Lender relating to the environmental status or condition of the Mortgaged Property (the “**Environmental Obligations**”) under a Connected Document, including any Environmental Obligations under section 1(c) and section 3 of the environmental inspection easement granted by Borrower to Lender on the same date as this Deed of Trust.
- (2) any portion of the Indebtedness comprised of Environmental Obligations; or
- (3) the substantial equivalent of any Environmental Obligations.

(b) Except as specifically excluded in section 21(a), Borrower and Lender intend that Borrower’s statements of fact under section 4.7 of the Loan Agreement and Borrower’s obligations under section 5.8 of the Loan Agreement are secured by this Deed of Trust.

22. **WAIVER OF JURY TRIAL. (A) BORROWER AND LENDER EACH SHALL NOT ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS DEED OF TRUST OR THE RELATIONSHIP BETWEEN BORROWER AND LENDER THAT IS TRIABLE OF RIGHT BY A JURY.**

(b) **BORROWER AND LENDER EACH HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY BOTH BORROWER AND LENDER, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.**

23. **Reconveyance.** Upon payment of the Indebtedness, Lender shall request Trustee to reconvey the Mortgaged Property and shall deliver this Deed of Trust and the Note to Trustee. Trustee shall reconvey the Mortgaged Property without warranty to the person or persons legally entitled to the Mortgaged Property. That person or persons shall pay Trustee the reasonable costs incurred by Trustee in reconveying the Mortgaged Property.

24. **Successors and Assigns.** The terms and conditions of this Deed of Trust run with the land, are binding upon any successors and assigns of Borrower, and will inure to the benefit of any successors and assigns of Lender.

25. **Non-Waiver.** No failure or delay by Lender in exercising a right, power, or remedy under this Deed of Trust will operate as a waiver of the right, power, or remedy. No single or partial exercise by Lender of a right, power, or remedy will preclude other or further exercise of the right, power, or remedy or the exercise of any other right, power, or remedy. The rights, powers, and remedies of Lender are cumulative.

26. **Notices.** For a notice or other communication under this Deed of Trust to be valid, it must comply with section 8.1 of the Loan Agreement.

27. **Severability.** Borrower and Lender acknowledge that if a dispute between Borrower and Lender arises out of this Deed of Trust or the subject matter of this Deed of Trust, they would want the court to interpret this Deed of Trust as follows:

- (1) with respect to any provision that it holds to be unenforceable, by modifying that provision to the minimum extent necessary to make it enforceable or, if that modification is not permitted by law, by disregarding that provision;
- (2) if an unenforceable provision is modified or disregarded in accordance with this section 27, by holding that the rest of this Deed of Trust will remain in effect as written;
- (3) by holding that any unenforceable provision will remain as written in any circumstances other than those in which the provision is held to be unenforceable; and
- (4) if modifying or disregarding the unenforceable provision would result in failure of an essential purpose of this Deed of Trust, by holding this entire Deed of Trust unenforceable.

28. **Governing Law.** Washington law governs any adversarial proceeding arising out of this Deed of Trust or the subject matter of this Deed of Trust.

Borrower is signing this Deed of Trust on the date indicated in the introductory clause.

[SIGNATURE PAGE FOLLOWS]

MOUNT VERNON CENTER ASSOCIATES, LLP

By: William M. Schreiber
William M. Schreiber
Managing Partner

New York
STATE OF WASHINGTON)
COUNTY OF Richmond) ss.

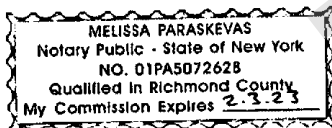
I certify that I know or have satisfactory evidence that William M. Schreiber is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the managing partner of Mount Vernon Center Associates, LLP, a Washington professional limited liability partnership, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 11/24/2020

Melissa Parkerson
Signature

Notary Public
Title

My commission expires: 2-3-23



SCHEDULE 1
DESCRIPTION OF REAL ESTATE

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

PARCEL "A":

ALL THOSE PORTIONS OF THE "PLAT OF MOUNT VERNON ACREAGE", ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 3 OF PLATS, PAGE 102, RECORDS OF SKAGIT COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

- A. TRACTS 5 AND 6, EXCEPT THE WEST 256.41 FEET THEREOF; AND ALSO EXCEPT THAT PORTION THEREOF CONVEYED TO THE CITY OF MOUNT VERNON BY DEED RECORDED MARCH 26, 2002 AS AUDITOR'S FILE NO. 200203260101.
- B. TRACT 7, EXCEPT THE WEST 179 FEET THEREOF;
- C. ALL OF TRACT 8;
- D. TRACT 9, EXCEPT THE WEST 268 FEET OF THE NORTH 29.5 FEET THEREOF; AND ALSO EXCEPT THE WEST 245 FEET OF THE SOUTH 100 FEET THEREOF;
- E. TRACT 10, EXCEPT THE WEST 245 FEET THEREOF; AND ALSO EXCEPT THE SOUTH 10 FEET OF THE EAST 285 FEET THEREOF;
- F. TRACT 11, EXCEPT THE SOUTH 10 FEET THEREOF.

EXCEPT FROM ALL OF THE ABOVE DESCRIBED PARCEL "A" THOSE PORTIONS THEREOF CONVEYED TO THE CITY OF MOUNT VERNON BY DEED RECORDED AS AUDITOR'S FILE NO. 200806170067.

PARCEL "A-1":

THE WESTERLY 10 FEET OF THAT PORTION OF THE ABANDONED PUGET SOUND AND CASCADE RAILWAY COMPANY RIGHT-OF-WAY IN THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 17, TOWNSHIP 34 NORTH, RANGE 4 EAST, W.M., LYING BETWEEN THE EASTERLY EXTENSION OF THE NORTH LINE OF TRACT 5 AND THE SOUTH LINE OF TRACT 11 OF SAID "PLAT OF MOUNT VERNON ACREAGE";

EXCEPT THE SOUTH 10 FEET THEREOF, AS CONVEYED TO THE STATE OF WASHINGTON FOR STATE SECONDARY HIGHWAY 1-G BY INSTRUMENT DATED MARCH 20 1951, AND RECORDED MAY 4, 1951, UNDER AUDITOR'S FILE NO. 460430, RECORDS OF SKAGIT COUNTY, WASHINGTON;

AND ALSO EXCEPT THAT PORTION THEREOF CONVEYED TO THE CITY OF MOUNT VERNON BY DEED RECORDED MARCH 26, 2002 AS AUDITOR'S FILE NO. 200203260101.

SCHEDULE 2
DESCRIPTION OF PERSONAL PROPERTY AND FIXTURE SECURITY

The accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letter-of-credit rights, letters-of-credit, money, and other personal and fixture property of Borrower/Debtor relating to the real property described in schedule 1 (the "Land") or improvements located on the Land (the "Improvements"), or any transactions relating to the Land or the Improvements, wherever located, whether now owned or hereafter acquired, and all accessions, additions, or improvements to, replacements, substitutions, or parts for, and proceeds or products from that property (collectively the "Collateral"), including all of the following: (a) all equipment owned by Borrower/Debtor (including all machinery, tools, and furniture); (b) all instruments, leases, accounts, contracts, documents of title, policies, and certificates of insurance, proceeds of insurance, and condemnation awards; and (c) all documents and other records relating to the Collateral, including documents and records relating to environmental matters.

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