

WHEN RECORDED RETURN TO:

CHAE LAW FIRM, P.S.
15 S. Grady Way, Suite 410
Renton, Washington 98057

Deed of Trust (Wrap-Around)

THIS DEED OF TRUST is made this 24th day of April 2024, between HK INVESTMENT 2024 LLC, a Washington limited liability company, GRANTOR, whose address is 7601 State Route 20, Anacortes, WA 98221, CHAE LAW FIRM, P.S., TRUSTEE, whose address is 15 S. Grady Way, Ste. 410, Renton, Washington 98057, and Anacortes Hospitality, Inc, a Washington corporation, BENEFICIARY/GRANTEE, whose address is 3205 Rickey Rd NE, Bremerton, WA 98310. WITNESSETH: Grantor hereby bargains, sells, and conveys to Trustee in Trust, with power of sale, the following described real property in SKAGIT County, Washington:

FULL LEGAL AS ATTACHED AS EXHIBIT A ON PAGE 6 HERETO

Abbreviated Legal:

LT 1 AND 2, CITY OF ANACORTES SP NO. ANA 03-006, REC. NO.
200401090068, BEING A PTN. GOVT LT 3 & NE SW, SEC. 5-34-2E, W.M.

Tax Parcel Nos: P19989 / 340205-0-040-0302 and P121424 / 340205-0-040-0800

Street Address: 7601 State Route 20, Anacortes, WA 98221

Which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues, and profits thereof. Also included are all inventory, equipment, goods, supplies and materials new or hereafter owned by Grantor and located at or on or used in connection with the property, and all present and future accounts, general intangibles, chattel paper, documents, instruments, deposit accounts, money, contract rights, insurance policies, and all proceeds, products, substitutions and accessions therefor and thereto.

This deed is for the purpose of securing performance of each agreement of grantor herein contained, and payment of the sum of Three Million and 0/100 Dollars(\$3,000,000.00) with interest, in accordance with

the terms of a promissory note of even date herewith, payable to Beneficiary or order, and made by Grantor, and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of their successors or assigns, together with interest thereon at such rate as shall be agreed upon.

To protect the security of this Deed of Trust, Grantor covenants and agrees:

1. To Keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure of improvement being built or about to be built thereon; to restore promptly any building, structure of improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property.
2. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear all other charges, liens or encumbrances impairing the security of this Deed of Trust.
3. To keep the land and all improvements now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards, to include environmental contamination, in an amount not less than the total debt secured by this Deed of Trust or the amount mandated by state and local law. All policies shall be held by the Beneficiary and be in such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.
4. To defend 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 title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.
5. To pay all costs, fees, and expenses in connection with this Deed of Trust, including the Expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees incurred, as provided by statute.
6. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

IT IS MUTUALLY AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.
2. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure

to so pay.

3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto on written request of the Grantor and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

4. Upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto.

5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter, Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrancers for value.

6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

7. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

8. This Deed of Trust applies and inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors, and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether named as Beneficiary herein.

9. If all or any part of the property or any interest in it is sold or transferred without Beneficiary's prior written consent, Beneficiary may, at its option, require immediate payment of all sums secured by this Deed of Trust. If such option is exercised, Beneficiary shall give Grantors notice of such acceleration. The notice shall provide a period of 30 days from date notice is delivered or mailed within which Grantors must pay all sums secured by this Deed of Trust. If Grantors fail to pay these sums prior to expiration of this period, Beneficiary may invoke any remedies permitted by this instrument without further notice or demand on Grantors.

10. Upon Grantor's breach of any obligation under this Instrument, Beneficiary may enter upon and

take full operational control of the Property. Operational control includes, but is not limited to, the execution, cancellation or modification of leases, the collection of all rents and revenues, the making of repairs to the Property and the execution or termination of management and maintenance contracts. In the event Beneficiary elects to seek the appointment of such receiver, Beneficiary or the receiver shall be entitled to receive a reasonable fee for managing the Property. Beneficiary or the receiver shall have access to the books and records used in the operation and maintenance of the Property and shall be liable to account only for those revenues received. Beneficiary shall not be liable to Grantor, anyone claiming under or through Grantor or anyone having an interest in the Property by reason of anything done or left undone by Beneficiary under this paragraph 10. Any taking control of the Property by Beneficiary or the receiver and any application of income as provided in this paragraph shall not cure or waive any default under this Instrument or invalidate any other right or remedy of Beneficiary under law or as provided in this Instrument.

11. This deed of trust wraps around a deed of trust in favor of Chun H. Lee and Heidrun Lee recorded on July 9, 2018, under the recording number of #201807090086.

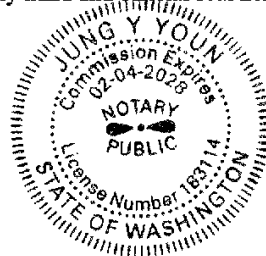
HK Investment 2024 LLC

By: Naresh Kaushal
Its: Managing Member

State of Washington)
) ss.
County of King)

I certify that I know or have satisfactory evidence that Naresh Kaushal 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 Managing Member (title) of HK Investment 2024 LLC (name of party on behalf of whom instrument was executed) to be the free and voluntary act of the limited liability company, for the uses and purposes mentioned in the instrument.

Witness my hand and official seal hereto affixed on the 24th day of April, 2024.



[Signature]
Notary Public in and for the
State of Washington
My commission expires 02-04-2028

EXHIBIT "A"

Lots 1 and 2 of CITY OF ANACORTES SHORT PLAT NO. ANA 03-006, recorded January 9, 2004, under Auditor's File No. 200401090068, records of Skagit County, Washington; and being a portion of the Northeast Quarter of the Southwest Quarter and of Government Lot 3, Section 5, Township 34 North, Range 2 East of the Willamette Meridian.

Situate in the County of Skagit, State of Washington.