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Page 1 of 23  
Date: 12/16/2004 04:50P  
Filed by: CASCADE TITLE CO CLARK COUNTY  
Filed & Recorded in Official Records  
of SKAMANIA COUNTY  
J. MICHAEL GARVISON  
AUDITOR  
Fee: \$42.00

**AFTER RECORDING RETURN TO:**

Washington Mutual Bank  
National Commercial Operations Center  
555 Dividend Drive, Suite 150  
Coppell, Texas 75019  
Attention: Home Builder Finance Closing Department

**BE ADVISED THAT THE PROMISSORY NOTE SECURED BY THIS  
DEED OF TRUST PROVIDES FOR A VARIABLE RATE OF INTEREST  
AND A BALLOON PAYMENT AT MATURITY.**

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

[Loan No. 1801000012-007]

**Grantor (Borrower):** PACIFIC LIFESTYLE HOMES, INC. a Washington corporation  
**Grantee (Lender):** WASHINGTON MUTUAL BANK, a Washington corporation  
**Grantee (Trustee):** CASCADE TITLE COMPANY OF CLARK COUNTY, INC.  
**Legal Description:** Lot 7, MAPLE VIEW ACRES, Skamania County, Washington  
Additional Legal(s) on Exhibit A  
**Assessor's Tax Parcel ID Numbers:** 01-05-06-1-0-1506-00

THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS, AND FIXTURE FILING ("Deed of Trust") is made as of the 8th day of December, 2004 among PACIFIC LIFESTYLE HOMES, INC., a Washington corporation, the address of which is 11815 NE 99<sup>th</sup> Street, Suite 1200, Vancouver, WA 98682 ("Grantor"); CASCADE TITLE COMPANY OF CLARK COUNTY, INC., the address of which is 1498 SE Tech Center Place, #180, Vancouver, WA 98683, and its successors in trust and assigns ("Trustee"), and WASHINGTON MUTUAL BANK, a Washington corporation, having an address or addresses as specified in Section 9.2 below ("Beneficiary").

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[WASHINGTON MUTUAL BANK - Home Builder Finance (Washington)] PLH.1801.12.007.

REPLACED SPREADER WHICH WAS NOT RECORDED..SE 523787 v8

Grantor and Beneficiary are parties to a Construction Loan Agreement dated July 30, 2004 (the "Loan Agreement"). The Loan Agreement, the Note (as defined in Section 3.1) and all documents, instruments and agreements entered into in connection therewith or with the loans and other credit accommodations provided for in the Loan Agreement are referred to, collectively, as the "Loan Documents." As used in this Deed of Trust, the term "Borrower" means Grantor and any and all other persons now or hereafter included within the meaning of the term "Borrower", as defined in the Loan Agreement.

1. **GRANTING CLAUSE.** Grantor, in consideration of the acceptance by Trustee of the trust hereunder, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the obligations described in Section 3 below, grants, bargains, sells, assigns and conveys to Trustee and its successors in trust and assigns, forever, in trust, with power of sale, all of Grantor's estate, right, title, interest, claim, and demand in and to the property in the county of Clark, state of Washington, described as follows, whether now existing or hereafter acquired (all of the property described in all parts of this Section 1 and all additional property, if any, described in Section 2 is herein called the "Premises"):

1.1 **Land and Appurtenances.** The land described on Exhibit A hereto, and all tenements, hereditaments, rights-of-way, easements, appendages, and appurtenances thereto belonging or in any way appertaining, including without limitation all of the right, title and interest of Grantor in and to any avenues, streets, ways, alleys, vaults, strips, or gores of land adjoining that property, all rights to water, water stock, drains, drainage and air rights relating to that property and all claims or demands of Grantor either in law or in equity in possession or expectancy of, in, and to that property; and

1.2 **Improvements and Fixtures.** All buildings, structures, and other improvements now or hereafter erected on the property described in 1.1 above, and all facilities, fixtures, machinery, apparatus, installations, goods, equipment, inventory, furniture, building materials and supplies and other properties of whatsoever nature, now or hereafter located in or used or procured for use in connection with that property, it being the intention of the parties that all property of the character hereinabove described that is now owned or hereafter acquired by Grantor and that is affixed or attached to, stored upon, or used in connection with the property described in 1.1 above shall be, remain, or become a portion of that property and shall be covered by and subject to the lien of this Deed of Trust, together with all contracts, agreements, general intangibles, warranty rights, rights and claims under insurance policies and surety bonds, permits, plans, specifications, drawings, surveys, engineering reports, and other work products relating to the construction of the existing or any future improvements on the Premises, any and all rights of Grantor in, to, or under any architect's contracts or construction contracts relating to the construction of the existing or any future improvements on the Premises, and any performance and/or payment bonds issued in connection therewith, together with all trademarks, trade names, copyrights, computer software, and other intellectual property used by Grantor in connection with the Premises, and

together with all rights, powers and reservations of Grantor as a declarant under any condominium declaration or any covenants, conditions and restrictions or any similar document relating to the Premises; and

1.3 **Enforcement and Collection.** Any and all rights of Grantor without limitation to make claim for, collect, receive, and receipt for any and all sale proceeds, earnest money, deposits, rents, income, revenues, refunds of any and every kind (including but not limited to refunds from taxing authorities, utilities and insurers), issues, royalties, and profits, including mineral, oil, and gas rights and profits, insurance proceeds of any kind (whether or not Beneficiary requires such insurance and whether or not Beneficiary is named as an additional insured or loss payee of such insurance), condemnation awards, and other moneys, payable or receivable from or on account of any of the Premises, including interest thereon, or to enforce all other provisions of any other agreement or document affecting or relating to any of the Premises (including but not limited to all agreements for the sale of any portion of the Premises, all escrow agreements, all condominium documents and all agreements referred to in Section 1.2 above), to bring any suit in equity, action at law, or other proceeding for the collection of such moneys or for the specific or other enforcement of any such agreement, award, or judgment, in the name of Grantor or otherwise, and to do any and all things that Grantor is or may be or become entitled to do with respect thereto, provided, however, that no obligation of Grantor under the provisions of any such agreements, awards, or judgments shall be impaired or diminished by virtue hereof, nor shall any such obligation be imposed upon Trustee or Beneficiary; and

1.4 **Accounts and Income.** Any and all rights of Grantor in any and all accounts, rights to payment, contract rights, chattel paper, documents, instruments, licenses, contracts, agreements, and general intangibles relating to any of the Premises, including, without limitation, income and profits derived from the operation of any business on the Premises or attributable to services that occur or are provided on the Premises or generated from the use and operation of the Premises; and

1.5 **Leases.** All of Grantor's rights as landlord in and to all existing and future leases and tenancies, whether written or oral and whether for a definite term or month to month or otherwise, now or hereafter demising all or any portion of the property described in 1.1 and 1.2 above, including all renewals and extensions thereof and all rents, deposits, and other amounts received or receivable thereunder and including all guaranties, supporting obligations, letters of credit and letter of credit rights guaranteeing or supporting any of the foregoing. In accepting this Deed of Trust neither Beneficiary nor Trustee assumes any liability for the performance of any such lease.

1.6 **Books and Records.** All books and records of Grantor relating to the foregoing in any form.

## 2. SECURITY AGREEMENT AND ASSIGNMENT OF LEASES AND RENTS.

2.1 **Security Agreement.** To the extent any of the property described in Section 1 is personal property, Grantor, as debtor, grants to Beneficiary, as secured party, a security interest therein together with a security interest in all other personal property of whatsoever nature that is located on or used or to be used in connection with any of the property described in Section 1, and any products or proceeds of any thereof, pursuant to the Uniform Commercial Code of the state of Washington (the "UCC"), on the terms and conditions contained herein. Beneficiary hereby assigns such security interest to Trustee, in trust, for the benefit of Beneficiary to be dealt with as a portion of the "Premises" except as otherwise specified herein. Grantor hereby authorizes Beneficiary to file any financing statement, fixture filing or similar filing to perfect the security interests granted in this Deed of Trust without Grantor's signature.

### 2.2 **Assignment of Leases and Rents.**

(a) **Absolute Assignment.** Grantor hereby absolutely and unconditionally grants, transfers, conveys, sells, sets over and assigns to Beneficiary all of Grantor's right, title and interest now existing and hereafter arising in and to the leases, subleases, concessions, licenses, franchises, occupancy agreements, tenancies, subtenancies and other agreements, either oral or written, now existing and hereafter arising which affect the Premises, Grantor's interest therein or any improvements located thereon, together with any and all security deposits, guarantees of the lessees' or tenants' obligations (including any and all security thereunder) and other security under any such leases, subleases, concessions, licenses, franchises, occupancy agreements, tenancies, subtenancies and other agreements (all of the foregoing, and any and all extensions, modifications and renewals thereof, shall be referred to, collectively, as the "Leases"), and hereby gives to and confers upon Beneficiary the right to collect all the income, rents, issues, profits, royalties and proceeds from the Leases and any business conducted on the Premises and any and all prepaid rent and security deposits thereunder (collectively, the "Rents"). This Deed of Trust is intended by Beneficiary and Grantor to create and shall be construed to create an absolute assignment to Beneficiary of all of Grantor's right, title and interest in and to the Leases and the Rents and shall not be deemed merely to create a security interest therein for the payment of any indebtedness or the performance of any obligations under the Loan Documents (as hereinafter defined). Grantor irrevocably appoints Beneficiary its true and lawful attorney at the option of Beneficiary at any time to demand, receive and enforce payment, to give receipts, releases and satisfactions and to sue, either in the name of Grantor or in the name of Beneficiary, for all such Rents and apply the same to the obligations secured by this Deed of Trust.

(b) **Revocable License to Collect.** Notwithstanding the foregoing assignment of Rents, so long as no Event of Default (as hereinafter defined) remains uncured, Grantor shall have a revocable license, to collect all Rents, and to retain the same.



Upon any Event of Default, Grantor's license to collect and retain Rents shall terminate automatically and without the necessity for any notice.

(c) **Collection and Application of Rents by Beneficiary.**

While any Event of Default remains uncured, (i) Beneficiary may at any time, without notice, in person, by agent or by court-appointed receiver, and without regard to the adequacy of any security for the obligations secured by this Deed of Trust, enter upon any portion of the Premises and/or, with or without taking possession thereof, in its own name sue for or otherwise collect Rents (including past due amounts), and (ii) without demand by Beneficiary therefor, Grantor shall promptly deliver to Beneficiary all prepaid rents, deposits relating to Leases or Rents, and all other Rents then held by or thereafter collected by Grantor, whether prior to or during the continuance of any Event of Default. Any Rents collected by or delivered to Beneficiary may be applied by Beneficiary against the obligations secured by this Deed of Trust, less all expenses, including attorneys' fees and disbursements, in such order as Beneficiary shall determine in its sole and absolute discretion. No application of Rents against any obligation secured by this Deed of Trust or other action taken by Beneficiary under this Section 2.2 shall be deemed or construed to cure or waive any Event of Default, or to invalidate any other action taken in response to such Event of Default, or to make Beneficiary a mortgagee-in-possession of the Premises.

(d) **Direction to Tenants.** Grantor hereby irrevocably authorizes and directs the tenants under all Leases to pay all amounts owing to Grantor thereunder to Beneficiary following receipt of any written notice from Beneficiary that states that an Event of Default remains uncured and that all such amounts are to be paid to Beneficiary. Grantor further authorizes and directs all such tenants to pay all such amounts to Beneficiary without any right or obligation to inquire as to the validity of Beneficiary's notice and regardless of the fact that Grantor has notified any such tenants that Beneficiary's notice is invalid or has directed any such tenants not to pay such amounts to Beneficiary.

3. **OBLIGATIONS SECURED.**

3.1 **Obligations Secured.** This Deed of Trust is given for the purpose of securing:

(a) The payment and performance of all obligations contained in this Deed of Trust and all obligations of Borrower contained in the Loan Agreement;

(b) The payment of FIFTEEN MILLION & NO/100 DOLLARS (\$15,000,000) with interest thereon and all other amounts payable according to the terms of a promissory note dated July 30, 2004 made by Borrower, payable to Beneficiary or order, and any and all extensions, renewals, modifications, or replacements thereof, whether the

same be in greater or lesser amounts (the "Note"), which Note may provide for one or more of the following: (i) a variable rate of interest, or (ii) a balloon payment at maturity;

(c) The payment and performance of all obligations of Borrower under the terms of all of the other Loan Documents with the exception of those Loan Documents (if any) that expressly and specifically state that they are unsecured; and

(d) The repayment of any and all sums advanced or expenditures made by Beneficiary subsequent to the execution of this Deed of Trust for the maintenance or preservation of the Premises or advanced or expended by Beneficiary pursuant to any provision of this Deed of Trust, the Loan Agreement or the other Loan Documents subsequent to its execution, together with interest thereon.

3.2 **Construction Mortgage.** This Deed of Trust shall constitute a "construction mortgage" as that term is defined in Section 9-334 of the UCC.

4. **WARRANTIES AND COVENANTS OF GRANTOR.** Grantor warrants, covenants, and agrees:

4.1 **Warranties.**

(a) Grantor has full power and authority to grant the Premises to Trustee and warrants the Premises to be free and clear of all liens, charges, and other monetary encumbrances except those appearing in the Title Policy accepted by Beneficiary in connection with the Premises.

(b) None of the Premises is used principally or at all for agricultural or farming purposes.

(c) The Premises is free from damage and no matter has come to Grantor's attention (including, but not limited to, knowledge of any construction defects or nonconforming work) that would materially impair the value of the Premises as security.

(d) The loan evidenced by the Note and secured by this Deed of Trust is primarily for commercial, industrial, or business purposes and is not primarily for personal, family, or household purposes.

4.2 **Preservation of Lien and Perfection.** Grantor will preserve and protect the priority of this Deed of Trust as a first lien on the Premises and all portions thereof, and will take all actions, and execute and deliver to Beneficiary all documents, that Beneficiary may require in order to perfect the liens and security interests granted in this Deed of Trust or in any other Loan Document.

4.3 **Repair and Maintenance of Premises.** Grantor will keep the Premises in good condition and repair, which duty shall include but is not limited to cleaning, painting, landscaping, repairing, and refurbishing of the Premises; will complete and, except as otherwise contemplated by the Plans (as defined in the Loan Agreement), not remove or demolish, alter, or make additions to any building or other improvement that is part of the Premises, or construct any new structure on the Premises, without the express written consent of Beneficiary; will underpin and support when necessary any such building or other improvement and protect and preserve the same; will complete or restore promptly and in good and workmanlike manner any such building or other improvement that may be damaged or destroyed and pay when due all claims for labor performed and materials furnished therefor; will not commit, suffer, or permit any act upon the Premises in violation of law; and will do all other acts that from the character or use of the Premises may be reasonably necessary for the continued operation of the Premises in a safe and legal manner, the specific enumerations herein not excluding the general.

4.4 **Insurance.**

4.4.1 **All Risk/Hazard.** Grantor shall maintain, as further security for the faithful performance of this Deed of Trust, insurance coverage as follows:

(a) At all times prior to completion of the improvements contemplated by the Plans, Grantor shall maintain builder's risk insurance insuring against fire and other perils substantially equivalent to those insured under the Causes of Loss – Special Form published by the Insurance Service Office (“ISO”), plus the perils of collapse and theft of building materials and such other hazards as may be specified by Beneficiary from time to time in its reasonable discretion, in an amount equal to one hundred percent (100%) of the total estimated completed value of the improvements located on the Premises (including labor, materials and overhead) and providing coverage for foundations, materials stored away from the construction site and materials in transit.

(b) Beginning on or before the date of termination of coverage under the builder's risk insurance described in subsection 4.4.1(a) above, Grantor shall maintain insurance covering fire and other perils substantially equivalent to those insured under the Causes of Loss – Special Form published by the ISO in an amount equal to one hundred percent (100%) of the total estimated completed value of the improvements on the Premises, including an agreed amount endorsement and, if required by Beneficiary, including a building upgrade and municipal ordinance endorsement.

(c) Grantor shall maintain flood insurance with respect to any and all buildings on the Premises that are located in a federally-designated special flood hazard area (as designated by the Federal Emergency Management Agency or a successor agency

performing a similar function) in an amount equal to the total estimated completed value of such buildings (but excluding the value of the foundations of those buildings).

(d) Grantor shall ensure that all policies of insurance on the Premises, whether or not required by the terms of this Deed of Trust, name Beneficiary as mortgagee and loss payee pursuant to a mortgage endorsement on a form acceptable to Beneficiary, which form must provide that Beneficiary will not have its interest voided by the act or omission of Grantor and that Beneficiary may file a claim directly with the insurer. Each policy of insurance must have a deductible of an amount satisfactory to Beneficiary in its sole discretion. Grantor shall be responsible for all uninsured losses and deductibles.

4.4.2 **Liability.** Grantor shall maintain commercial general liability insurance on an occurrence form substantially equivalent to ISO form CG 0001 covering the legal liability of Grantor against claims for bodily injury, personal injury, death, property damage or advertising injury occurring on, in, or about the Premises naming Beneficiary an additional insured and having coverage in such amounts and with such limits and deductibles as Beneficiary may require from time to time. Grantor shall cause each general contractor for the Improvements to cause Beneficiary and Grantor to be named as additional insureds under a commercial general liability policy maintained by such contractor and otherwise conforming with the requirements of the immediately preceding sentence.

4.4.3 **Additional Insurance.** Grantor shall from time to time obtain such additional coverages or make such increases in the amounts of existing coverage as may reasonably be requested by Beneficiary.

4.4.4 **General Provisions.** All policies of insurance required to be maintained by Grantor pursuant to this Section 4.4 shall: (i) be primary and noncontributory with any other insurance Grantor may carry; and (ii) be in form and substance and with companies acceptable to Beneficiary which are authorized to conduct business in the state in which the Premises is located and which have a current rating of A-/X or better from the current Best Key Rating Guide. Beneficiary reserves the right, in its reasonable discretion, to increase the amount of the required coverages, require insurance against additional risks, or withdraw approval of any insurance company at any time. Grantor shall deliver evidence (in such form as Beneficiary may require) on all policies of insurance to Beneficiary and, if required by Beneficiary shall deliver to Beneficiary an original of all policies of insurance. Grantor shall obtain renewals of any policies which expire and deliver evidence of such renewals to Beneficiary no later than thirty (30) days prior to the expiration date of the policy being replaced. All policies and renewals thereof shall contain provision for thirty (30) days' notice to Beneficiary prior to any cancellation thereof. In the event of any loss covered by such policies, Grantor shall give immediate written notice to the insurance carrier and to Beneficiary. Grantor hereby authorizes and empowers Beneficiary as attorney-in-fact for Grantor to make proof of loss, to adjust and compromise any claim under insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive



insurance proceeds, and to deduct therefrom Beneficiary's expenses incurred in the collection of such proceeds; provided, however, that nothing contained in this Section 4.4.5 shall require Beneficiary to incur any expense or take any action hereunder. Notwithstanding any of the foregoing, neither Trustee nor Beneficiary shall be responsible for any such insurance or for the collection of any insurance moneys, or for any insolvency of any insurer or insurance underwriter.

#### **4.4.5 Damage and Destruction.**

(a) **Grantor's Obligations.** In the event of any damage to or loss or destruction of the Premises, Grantor shall: (i) promptly notify Beneficiary of such event if the damage to or loss or destruction of the Premises is of a value in excess of Twenty-Five Thousand Dollars (\$25,000); (ii) take such steps as shall be necessary to preserve any undamaged portion of the Premises; and (iii) unless otherwise instructed by Beneficiary shall, regardless of whether the insurance proceeds, if any, shall be sufficient for the purpose, promptly commence and diligently pursue to completion the restoration, replacement and rebuilding (collectively, "Restoration") of the Premises as nearly as possible to its value, condition and character immediately prior to such damage, loss or destruction and in accordance the plans and specifications approved, and with other provisions for the preservation of the security hereunder established, by Beneficiary, which approval shall not be unreasonably withheld or delayed.

(b) **Beneficiary's Rights: Application of Proceeds.** In the event that any portion of the Premises is so damaged, destroyed or lost, and any such damage, destruction or loss is covered in whole or in part, by insurance described in subsection 4.4.1 and/or subsection 4.4.3, whether or not such insurance is specifically required by the terms of this Deed of Trust, then the following provisions shall apply:

(i) If an Event of Default (as defined in Section 5.1) has occurred hereunder and is continuing: (A) Beneficiary may, but shall not be obligated to, make proof of loss to any insurer if not made promptly by Grantor, and Beneficiary is hereby authorized and empowered by Grantor to settle, adjust or compromise any claims for damage, destruction or loss thereunder unless the proposed amount of proceeds from such claims exceeds the then outstanding amount of the indebtedness secured hereby, and (B) each insurance company concerned is hereby authorized and directed to make payment therefor directly to Beneficiary, to be applied, at Beneficiary's option, to the indebtedness secured hereby in such order as Beneficiary may determine, in its sole discretion or to be held by Beneficiary for future application to the obligations secured hereby. Unless otherwise required by law, any application to the indebtedness secured hereby by Beneficiary of such payments shall not, by itself, cure or waive any Event of Default hereunder or notice of default under this Deed of Trust or invalidate any act done pursuant to such notice or waive any collateral encumbered hereby or otherwise securing the Note.

(ii) If no Event of Default hereunder has occurred and is continuing, and if the amount of proceeds from any claim for damage, destruction or loss is reasonably expected to be Twenty-Five Thousand Dollars (\$25,000) or less, Grantor shall be entitled to receive all such proceeds and shall apply such proceeds to the Restoration of that portion of the Premises so damaged, destroyed or lost to as nearly the same condition, character and value as may have existed prior to such damage, destruction or loss.

(iii) If such proceeds are reasonably expected to exceed Twenty-Five Thousand Dollars (\$25,000), and regardless of whether an Event of Default has occurred and is continuing, Beneficiary may elect in its sole discretion to apply such proceeds to the reduction of the indebtedness secured hereby. Any such proceeds that Grantor elects to make available to pay the costs of the Restoration of the Premises will be deposited in the Cash Collateral Account provided for in the Loan Agreement and disbursed therefrom in accordance with the terms and conditions of the Loan Agreement as if such proceeds were Borrower's Deposits.

(c) **Effect on the Indebtedness.** Any reduction in the indebtedness secured hereby resulting from the application to the indebtedness secured hereby of insurance proceeds pursuant to this subsection 4.4.5 shall be deemed to take effect only on the date of receipt by Beneficiary of such proceeds and application thereof to the indebtedness secured hereby; provided that, if, prior to the receipt by Beneficiary of such proceeds, the Premises shall have been sold in connection with a trustee's sale under, or foreclosure of this Deed of Trust, or shall have been transferred by deed in lieu of foreclosure of this Deed of Trust, notwithstanding any limitation on Grantor's liability contained herein or in the Note, Beneficiary shall have the right to receive the same to the extent of any deficiency following such sale or conveyance, together with attorneys' fees and disbursements incurred by Beneficiary in connection with the collection thereof.

4.5 **Right of Inspection.** Grantor shall permit Beneficiary or its agents or independent contractors (including, but not limited to, appraisers, environmental consultants and construction consultants), at all reasonable times, to enter upon and inspect the Premises.

4.6 **Compliance with Laws, Etc.; Preservation of Licenses.**

4.6.1 Grantor shall comply in all material respects with (a) all laws, statutes, ordinances, rules, regulations, licenses, permits, approvals, orders, judgments and other requirements of governmental authorities relating to the Premises or Grantor's use thereof, and (b) all easements, licenses and agreements relating to the Premises or Grantor's use thereof.

4.6.2 Grantor shall observe and comply with all requirements necessary to the continued existence and validity of all rights, licenses, permits, privileges, franchises, and concessions relating to any existing or presently contemplated use of the

Premises, including but not limited to any zoning variances, special exceptions, and nonconforming use permits.

4.7 **Further Assurances.** Grantor will, at its expense, from time to time execute and deliver any and all such instruments of further assurance and other instruments and do any and all such acts, or cause the same to be done, as Trustee or Beneficiary deems necessary or advisable to grant to Trustee the Premises or to carry out more effectively the purposes of this Deed of Trust.

4.8 **Legal Actions.** Grantor will appear in and defend any action or proceeding before any court or administrative body purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and will pay all costs and expenses, including cost of evidence of title, title insurance premiums, and any fees of attorneys, appraisers, environmental inspectors, and others, incurred by Beneficiary or Trustee, in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary or Trustee to foreclose this Deed of Trust and in any nonjudicial foreclosure of this Deed of Trust.

4.9 **Taxes, Assessments, and Other Liens.** Grantor will pay not later than when due all taxes, assessments, encumbrances, charges, and liens with interest, on the Premises or any part thereof, which at any time appear to be or are alleged to be prior and superior hereto, including but not limited to any tax on or measured by rents of the Premises, the Note, this Deed of Trust, or any obligation or part thereof secured hereby.

4.10 **Expenses.** Grantor will pay all costs, fees, and expenses reasonably incurred by Beneficiary or Trustee in connection with this Deed of Trust, all as more specifically provided in the Loan Agreement.

4.11 **Sale, Transfer, or Encumbrance of Premises.** Grantor shall not, without the prior written consent of Beneficiary, further encumber the Premises or any interest therein, or agree to do any of the foregoing without first repaying in full the Note and all other sums secured hereby.

Except for sales of portions of the Premises in full compliance with Article 4 of the Loan Agreement, Grantor shall not, without the prior written consent of Beneficiary, sell, transfer, or otherwise convey the Premises or any interest therein, voluntarily or involuntarily, or agree to do any of the foregoing without first repaying in full the Note and all other sums secured hereby.

Consent to any one such occurrence shall not be deemed a waiver of the right to require consent to any future occurrences.

## 5. DEFAULT.

5.1 **Definition.** Any of the following shall constitute an "Event of Default" as that term is used in this Deed of Trust (and the term "Default" shall mean any of the following, whether or not any requirement for notice or lapse of time has been satisfied):

(a) Default is made in the payment when due of any principal or interest on any of the indebtedness secured hereby and such Default continues for longer than five (5) days past the due date provided therefor, whether or not notice of such Default has been given by Beneficiary to Grantor; or

(b) Any representation or warranty made by Grantor or any other Loan Party (as defined in the Loan Agreement) in this Deed of Trust, in the Loan Agreement or in any other Loan Document or in any certificate, request or other document furnished pursuant to or under any Loan Document, including without limitation, any schedule, certificate, financial statement, report, notice or other writing or information furnished by or on behalf of Grantor proves to have been incorrect, false or misleading in any material respect as of the date the facts therein set forth are stated or certified, or deemed stated or certified; or

(c) Grantor fails to perform any other obligation of Grantor under this Deed of Trust, the Loan Agreement or the other Loan Documents and Grantor fails to cure such Default within 15 days after written notice thereof from Beneficiary; provided, however, that Grantor shall have no right to notice and opportunity to cure such Default and such Default shall immediately constitute an Event of Default (i) if Grantor transfers all or any portion of its interest in the Premises without any required consent of Beneficiary, or (ii) in any circumstance when a delay in effecting a cure is in the reasonable judgment of Beneficiary reasonably likely to result in any of the Premises being materially damaged, becoming uninsured or the value thereof being materially and adversely affected, or (iii) in the case of any Default of the same type or nature that is repeated more than twice in any one (1) calendar year or more than three (3) times throughout the time this Deed of Trust (including any extensions hereof) remains in effect; or

(d) An involuntary case or other proceeding is commenced against Grantor or any other Loan Party which seeks bankruptcy, liquidation, reorganization or other relief with respect to it or its debts or other liabilities under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding remains undismissed for a period of 60 days, or an order for relief against Grantor or any other Loan Party is entered in any such case under the United States Bankruptcy Code; or

(e) Grantor or any other Loan Party commences a voluntary case or other proceeding seeking bankruptcy, liquidation, reorganization or other relief with



respect to itself or its debts or other liabilities under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its Premises, or consents to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or makes a general assignment for the benefit of creditors, or fails generally to, or admits in writing its inability to, pay its Debts as they become due, or takes any action to authorize or effect any of the foregoing; or

(f) Grantor or any other signatory thereto shall be in default in the performance of any covenant or agreement contained in any mortgage or deed of trust encumbering the Premises, or the note or any other agreement evidencing or securing the indebtedness evidenced thereby, which default continues beyond any applicable cure period; or

(g) A tax, charge, or lien shall be placed upon or measured by the Note, this Deed of Trust, or any obligation secured hereby that Grantor does not or may not legally pay in addition to the payment of all principal and interest as provided in the Note; or

(h) Any other Event of Default (as defined in the Loan Agreement) exists.

**5.2 Beneficiary's and Trustee's Right to Perform.** Upon the occurrence of any Event of Default, Beneficiary or Trustee, but without the obligation so to do and without notice to or demand upon Grantor and without releasing Grantor from any obligations hereunder, may: make any payments or do any acts required of Grantor hereunder in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the Premises for such purposes; commence, appear in, and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest, or compromise any encumbrance, charge, or lien in accordance with the following paragraph; and in exercising any such powers, pay necessary expenses, employ counsel, and pay a reasonable fee therefor. All sums so expended shall be payable by Grantor, be secured hereby and bear interest as more specifically provided in the Loan Agreement.

Beneficiary or Trustee in making any payment herein is hereby authorized, in the place and stead of the Grantor, in the case of a payment of taxes, assessments, water rates, sewer rentals, and other governmental or municipal charges, fines, impositions, or liens asserted against the Premises, to make such payment in reliance on any bill, statement, or estimate procured from the appropriate public office without inquiry into the accuracy of the bill, statement, or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien, or title or claim thereof; in the case of any apparent or threatened adverse claim of title, lien, statement of lien, encumbrance, deed of trust, claim, or charge Beneficiary or Trustee, as the case may be, shall be the sole judge of the legality or validity of same; and in the case of a payment for any other purpose herein and hereby authorized, but not enumerated in this paragraph, such payment may be made whenever, in the

sole judgment and discretion of Trustee or Beneficiary, as the case may be, such advance or advances shall seem necessary or desirable to protect the full security intended to be created by this instrument, provided further, that in connection with any such advance, Beneficiary at its option may and is hereby authorized to obtain a continuation report of title prepared by a title insurance company, the cost and expenses of which shall be repayable by the Grantor without demand and shall be secured hereby.

**5.3 Remedies on Default.** Upon the occurrence of any Event of Default all sums secured hereby shall become immediately due and payable, without notice or demand, at the option of Beneficiary and Beneficiary may:

- (a) Have a receiver appointed as a matter of right on an ex parte basis without notice to Grantor and without regard to the sufficiency of the Premises or any other security for the indebtedness secured hereby and, without the necessity of posting any bond or other security, such receiver shall take possession and control of the Premises and shall collect and receive all of the rents, issues, and profits thereof;
- (b) Foreclose this Deed of Trust as a mortgage or otherwise realize upon the Premises;
- (c) Cause Trustee to exercise its power of sale;
- (d) Sue on the Note as permitted under applicable law;
- (e) To the extent permitted by law, including, without limitation, RCW 61.24.100, seek and obtain a deficiency judgment following the completion of a judicial foreclosure or a trustee's sale of all or a portion of the security for the obligations secured by this Deed of Trust; or
- (f) Avail itself of any and all other remedies available under this Deed of Trust, the other Loan Documents or applicable law.

**5.4 Default Rate.** Notwithstanding any contrary provision of this Deed of Trust or any other Loan Document, after the occurrence and during the continuance of an Event of Default, and without notice or demand, all principal, interest and other amounts owing under this Deed of Trust, the Loan Agreement, the Note and the other Loan Documents will automatically bear interest at a rate per annum (the "Default Rate") equal at all times to a variable rate equal to the Note Rate (as defined in the Loan Agreement) plus five percent (5%). No election by Beneficiary not to charge the Default Rate with respect to an Event of Default shall in any way limit Beneficiary's right to later charge the Default Rate with respect to the same or any other Event of Default.

5.5 **No Waiver.** By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare an Event of Default for failure to do so.

5.6 **Waiver of Marshaling, Etc.** In connection with any trustee's sale or other foreclosure sale under this Deed of Trust, Grantor hereby waives, for itself and all others claiming by, through or under Grantor, any right Grantor or such others would otherwise have to require marshaling or to require that the Premises be sold in parcels or in any particular order.

5.7 **Remedies Cumulative.** The rights and remedies accorded by this Deed of Trust shall be in addition to, and not in substitution of, any rights or remedies available under now existing or hereafter arising applicable law. All rights and remedies provided for in this Deed of Trust or afforded by law or equity are distinct and cumulative and may be exercised concurrently, independently or successively. The failure on the part of Beneficiary to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver of any Default or Event of Default shall not constitute a waiver of any subsequent or other Default or Event of Default.

6. **CONDEMNATION.** Any award of damages, whether paid as a result of judgment or prior settlement, in connection with any condemnation or other taking of any portion of the Premises, for public or private use, or for injury to any portion of the Premises is hereby assigned and shall be paid to Beneficiary which may apply such moneys received by it in the same manner and with the same effect as provided in Section 4.4.5 above for disposition of proceeds of hazard insurance, provided that if the taking results in a loss of the Premises to an extent which, in the reasonable opinion of Beneficiary, renders or will render the Premises or any individual lot or parcel thereof not economically viable or which substantially impairs Beneficiary's security or lessens to any extent the value, marketability or intended use of the Premises, Beneficiary may apply the condemnation proceeds to reduce the unpaid indebtedness secured hereby in such order as Beneficiary may determine and without any adjustment in any required principal payment due prior to maturity. If so applied, any proceeds in excess of the unpaid balance of the Note and other sums due to Beneficiary shall be paid to Grantor or Grantor's assignee. Beneficiary shall in no case be obligated to see to the proper application of any amount paid over to Grantor. Such application or release shall not cure or waive any Default or notice of default hereunder or invalidate any act done pursuant to such notice. Should the Premises or any part or appurtenance thereof or right or interest therein be taken or threatened to be taken by reason of any public or private improvement, condemnation proceeding (including change of grade), or in any other manner, Beneficiary may, at its option, commence, appear in and prosecute, in its own name, any action or proceeding, or make any reasonable compromise or settlement in connection with such taking or damage, and obtain all compensation, awards or other relief therefor, and Grantor agrees to pay Beneficiary's costs and reasonable attorneys' fees incurred in connection therewith. No condemnation award at any time assigned to or held by Beneficiary shall be deemed to be held in trust, and Beneficiary

may commingle such award with its general assets and shall not be liable for the payment of any interest thereon.

7. **TRUSTEE.**

7.1 **General Powers and Duties of Trustee.** At any time or from time to time, without liability therefor and without notice and without affecting the liability of any person for the payment of the indebtedness secured hereby, upon written request of Beneficiary, payment of its own fees and presentation of this Deed of Trust and the Note for endorsement (in case of full reconveyance, for cancellation or retention), Trustee may:

- (a) Consent to the making of any map or plat of the Premises;
- (b) Join in granting any easement or creating any restriction thereon;
- (c) Join in any subordination or other agreement affecting this Deed of Trust or the lien or charge thereof; or
- (d) Reconvey, without warranty, all or any part of the Premises.

7.2 **Reconveyance.** Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Premises then held hereunder; provided, however that, if Beneficiary requests a reconveyance of this Deed of Trust as to only a part of the Premises, no such statement or surrender shall be required. The recitals in any reconveyance executed under this Deed of Trust of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

7.3 **Powers and Duties on Default.** Upon written request therefor by Beneficiary specifying the nature of the default, or the nature of the several defaults, and the amount or amounts due and owing, Trustee shall execute a written notice of default and of its election to cause the Premises to be sold to satisfy the obligation secured hereby, and shall cause such notice to be recorded and otherwise given according to law.

Notice of sale having been given as then required by law and not less than the time then required by law having elapsed after recordation of such notice of breach, Trustee, without demand on Grantor, shall sell the Premises at the time and place of sale specified in the notice, as provided by statute, either as a whole or in separate parcels and in such order as it may determine, at public auction to the highest and best bidder for cash in lawful money of the United States,



payable at time of sale. Grantor agrees that such a sale (or a sheriff's sale pursuant to judicial foreclosure) of all the Premises as real estate constitutes a commercially reasonable disposition thereof, but that with respect to all or any part of the Premises that may be personal property Trustee shall have and exercise, at Beneficiary's sole election, all the rights and remedies of a secured party under the UCC. Whenever notice is permitted or required hereunder or under the UCC, ten (10) days shall be deemed reasonable. Trustee may postpone sale of all or any portion of the Premises, and from time to time thereafter may postpone such sale, as provided by statute. Trustee shall deliver to the purchaser its deed and bill of sale conveying the Premises so sold, but without any covenant or warranty, express or implied. The recital in such deed and bill of sale of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person other than Trustee, including Grantor or Beneficiary, may purchase at such sale.

After deducting all costs, fees, and expenses of Trustee and of this trust, including the cost of evidence of title search and title insurance and reasonable counsel fees in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums secured hereby in such order as Beneficiary may determine; and the remainder, if any, to the clerk of the superior court of the county in which the sale took place, as provided in RCW 61.24.080.

**7.4 Reassignment of Security Interest.** At the request of Beneficiary, Trustee shall reassign to Beneficiary the security interest created hereby and after such reassignment Beneficiary shall have the right, upon the occurrence or continuance of any Event of Default, to realize upon the personal property subject to this Deed of Trust, independent of any action of Trustee, pursuant to the UCC.

**7.5 Acceptance of Trust.** Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto except Beneficiary of pending sale under any other deed of trust or of any action or proceeding in which Grantor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

**7.6 Reliance.** Trustee, upon presentation to it of an affidavit signed by Beneficiary setting forth facts showing an Event of Default by Grantor under this Deed of Trust, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

**7.7 Replacement of Trustee.** Beneficiary may, from time to time, as provided by statute, appoint another trustee in place and stead of Trustee herein named, and thereupon Trustee herein named shall be discharged and the trustee so appointed shall be substituted as Trustee hereunder, with the same effect as if originally named Trustee herein.

**7.8 No Impairment of Right to Pursue Unsecured Obligations.** The foreclosure of this Deed of Trust or sale by Trustee of the Premises through the exercise of its power of sale granted hereunder shall not preclude or impair any action to collect or enforce

any obligation of Grantor or any guarantor or other party liable for any of the obligations secured by this Deed of Trust, or the substantial equivalent of such obligation, which obligation is not secured by this Deed of Trust including, without limitation, the obligations of Grantor under the Indemnity Agreement and the obligations of each such guarantor under its guaranty. All of such obligations (and all substantial equivalents of such obligations) shall constitute separate recourse obligations of Grantor and each such guarantor or other party and shall not be deemed to be evidenced by the Note or secured by this Deed of Trust.

8. **SUBROGATION.** Beneficiary shall be subrogated to the claims and liens of those whose claims or liens are discharged or paid with the proceeds of the loan secured hereby.

9. **NOTICES.**

9.1 **Trustee.** Any notice or demand upon Trustee may be given or made at the address set forth above for Trustee.

9.2 **Grantor and Beneficiary.** Any notice to or demand upon Grantor (including any notice of default or notice of sale) or notice to or demand upon Beneficiary shall be deemed to have been sufficiently made for all purposes when deposited in the United States mails, postage prepaid, registered or certified, return receipt requested, addressed to Grantor or Beneficiary at its address set forth above and, in the case of notices directed to Beneficiary, with a copy to each of the following addresses:

Washington Mutual Bank  
National Commercial Operations Center  
6011 Connection Drive, Suite 600  
Irving, Texas 75039  
Attention: HBF Portfolio Administration

With a required copy to:

Washington Mutual Bank  
5335 SW Meadows Road, Suite 100  
Lake Oswego, OR 97035  
Attention: Scott Karn

Washington Mutual Bank  
3060 139<sup>th</sup> Avenue SE  
Bellevue, WA 98005  
Attention: Creighton Miller

or to such other address or addresses as the recipient may have directed by notice in accordance herewith.

9.3 **Waiver of Notice.** The giving of notice may be waived in writing by the person or persons entitled to receive such notice, either before or after the time established for the giving of such notice.

10. **MODIFICATIONS, ETC.** Beneficiary may at any time and from time to time, without notice to or consent of any other person or entity: (a) extend the time of payment of the indebtedness secured by this Deed of Trust; (b) enter into agreements to modify the terms of this Deed of Trust, the Note or any of the other Loan Documents, including but not limited to agreements increasing the principal amount of, interest rate on, payments on, or fees with respect to, the obligations secured by this Deed of Trust (provided that each of the signatories to the particular Loan Document modified consents in writing to such modification); (c) release any person or entity liable for payment of any obligations secured by this Deed of Trust; (d) take and hold other security for the payment or performance of the obligations secured by this Deed of Trust and enforce, exchange, substitute, subordinate, waive or release any such security; (e) consent to the making of any map or plat of the Premises; (f) join in granting any easement on or in creating any covenants, conditions or restrictions affecting the use or occupancy of the Premises; (g) join in any document subjecting the Premises or any part thereof to a condominium or planned unit development regime; (h) subordinate the lien of this Deed of Trust; (i) release any part or all of the security held for the obligations secured by this Deed of Trust; and/or (j) exercise or refrain from exercising, or waive, any right Beneficiary may have with respect to this Deed of Trust, the Note or the other Loan Documents. Beneficiary shall have such rights and may freely exercise them without affecting the lien or priority of this Deed of Trust on the Premises or any part thereof, and without affecting the liability of any guarantor, surety, holder of a junior lien or encumbrance on or interest in the Premises, or other person or entity.

11. **SUCCESSORS AND ASSIGNS.** All provisions herein contained shall be binding upon and inure to the benefit of the respective successors and assigns of the parties.

12. **GOVERNING LAW; SEVERABILITY.** This Deed of Trust, and all obligations arising hereunder, will be governed by, and construed in accordance with, the laws of the State of Washington without regard to principles or provisions thereof relating to conflict of laws or choice of law. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, the conflict shall not affect other provisions of this Deed of Trust or the Note that can be given effect without the conflicting provision and to this end the provisions of this Deed of Trust and the Note are declared to be severable.

13. **GRANTOR'S RIGHT TO POSSESSION.** Grantor may be and remain in possession of the Premises for so long as no Event of Default exists and Grantor may, while it is entitled to possession of the Premises, use the same.

14. **MAXIMUM INTEREST.** No provision of this Deed of Trust or of the Loan Agreement or the Note shall require the payment or permit the collection of interest in excess of the maximum permitted by law. If any excess of interest in such respect is herein or in the Loan Agreement or the Note provided for, neither Grantor nor its successors or assigns shall be obligated to pay that portion of such interest that is in excess of the maximum permitted by law, and the right to demand the payment of any such excess shall be and is hereby waived and this Section 14 shall control any provision of this Deed of Trust, the Loan Agreement or the Note that is inconsistent herewith.

15. **ATTORNEYS' FEES AND LEGAL EXPENSES.** In the event of any Default under this Deed of Trust, or in the event that any dispute arises relating to the interpretation, enforcement, or performance of any obligation secured by this Deed of Trust, Beneficiary shall be entitled to collect from Grantor on demand all fees and expenses incurred in connection therewith, including but not limited to fees of attorneys, accountants, appraisers, environmental inspectors, consultants, expert witnesses, arbitrators, mediators, and court reporters. Without limiting the generality of the foregoing, Grantor shall pay all such costs and expenses incurred in connection with (a) arbitration or other alternative dispute resolution proceedings, trial court actions, and appeals; (b) bankruptcy or other insolvency proceedings of Grantor, any guarantor or other party liable for any of the obligations secured by this Deed of Trust, or any party having any interest in any security for any of those obligations; (c) judicial or nonjudicial foreclosure on, or appointment of a receiver for, any of the Premises; (d) postjudgment collection proceedings; (e) all claims, counterclaims, cross-claims, and defenses asserted in any of the foregoing whether or not they arise out of or are related to this Deed of Trust; (f) all preparation for any of the foregoing; and (g) all settlement negotiations with respect to any of the foregoing.

16. **PREPAYMENT PROVISIONS.** If at any time after an Event of Default and acceleration of the indebtedness secured hereby there shall be a tender of payment of the amount necessary to satisfy such indebtedness by or on behalf of Grantor, its successors or assigns, or any other Loan Party, the same shall be deemed to be a voluntary prepayment such that the sum required to satisfy such indebtedness in full shall include, to the extent permitted by law, the additional payment required under the prepayment privilege as stated in the Loan Agreement, if any.

17. **TIME IS OF THE ESSENCE.** Time is of the essence under this Deed of Trust and in the performance of every term, covenant, and obligation contained herein.

18. **FIXTURE FILING.** This Deed of Trust constitutes a financing statement, filed as a fixture filing in the real estate records of the county of the state in which the real property described in Exhibit A is located, with respect to any and all fixtures included within the list of improvements and fixtures described in Section 1.2 of this Deed of Trust and to any goods or other personal property that are now or hereafter will become a part of the Premises as fixtures.



19. MISCELLANEOUS.

19.1 Whenever the context so requires the singular number includes the plural herein, and the impersonal includes the personal.

19.2 The headings to the various sections have been inserted for convenient reference only and shall not modify, define, limit, or expand the express provisions of this Deed of Trust.

19.3 This Deed of Trust, the Note and the other Loan Documents constitute the final expression of the entire agreement of the parties with respect to the transactions set forth therein. No party is relying upon any oral agreement or other understanding not expressly set forth in the Loan Documents. The Loan Documents may not be amended or modified except by means of a written document executed by the party sought to be charged with such amendment or modification.

19.4 Grantor, each person or entity accepting or acquiring a lien on the Premises or any portion thereof, and each person or entity liable for any of the obligations secured hereby waives and agrees not to assert: (a) any right to require Beneficiary to proceed against any guarantor or other person or entity liable for the obligations secured hereby, to proceed against or exhaust any other security for the obligations secured hereby, to pursue any other remedy available to Beneficiary, or to pursue any remedy in any particular order or manner; (b) the benefits of any legal or equitable doctrine or principle of marshaling; (c) the benefits of any statute of limitations affecting the enforcement hereof; (d) demand, diligence, presentment for payment, protest and demand, and notice of extension, dishonor, protest, demand and nonpayment, relating to the obligations secured hereby; and (e) any benefit of, and any right to participate in, any other security now or hereafter held by Beneficiary.

20. **WAIVER OF JURY TRIAL.** EACH OF GRANTOR AND BENEFICIARY (FOR ITSELF AND ITS SUCCESSORS, ASSIGNS AND PARTICIPANTS) WAIVES ITS RIGHT TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON, ARISING OUT OF OR RELATED TO THIS DEED OF TRUST, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS PROVIDED FOR HEREIN OR THEREIN, IN ANY LEGAL ACTION OR PROCEEDING OF ANY TYPE BROUGHT BY ANY PARTY TO ANY OF THE FOREGOING AGAINST ANY OTHER SUCH PARTY, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT SITTING WITHOUT A JURY.

[Remainder of Page Intentionally Left Blank]

DATED as of the day and year first above written.

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

**GRANTOR:**

PACIFIC LIFESTYLE HOMES, INC.,  
a Washington corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_

**CORPORATE ACKNOWLEDGEMENT**

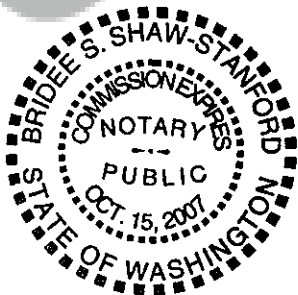
State of WA )  
County of Clark ) ss.

I certify that I know or have satisfactory evidence that Kevin Wann is the person(s) who appeared before me, and said person(s) acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as President respectively, of, PACIFIC LIFESTYLE HOMES, INC. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: 12/8/04

\_\_\_\_\_  
Notary Public Signature

Bridee Shaw-Stanford  
Print Name



**EXHIBIT A****LEGAL DESCRIPTION****[TITLE PLEASE ATTACH LEGAL DESCRIPTION HERE]****Exhibit A**

**Lot 7, MAPLE VIEW ACRES, according to the plat thereof, recorded in Book "B" of plats, page 66, records of Skamania County, State of , Washington.**

**EXCEPT that portion of the South half of the Northeast quarter of Section 6, Township 1 North, Range 5 East of the Willamette Meridian, Skamania County, State of Washington, described as follows:**

**BEGINNING at a 1/2 Inch Iron rod at the Southwest corner of Lot 8 of MAPLE VIEW ACRES as recorded in Book B of Plats at page 66, Skamania County Auditor's Records, said point being North 01°25'05" East, 270.00 feet from the center of Section 6, Township 1 North, Range 5 East of the Willamette Meridian; thence South 88°41'18" East, 200.00 feet to a 1/2 Inch iron rod at the Westerly Northeast corner of Lot 9 and the True Point of Beginning; thence South 01°25'05" West 80.00 feet to an inner corner of Lot 9, said point also being the Southwest corner of Lot 7; thence South 88°41'18" East, along the South line of Lot 7, for a distance of 80.00 feet; thence North 03°57'13" East, 1,130.19 feet to the Northeast corner of Lot 8; thence South 08°28'51" West, 1,057.26 feet to the Southeast corner of Lot 8 and the True Point of Beginning.**