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J. MICHAEL GARVISON
AUDITOR
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WHEN RECORDED, RETURN TO:

Thacher Proffitt & Wood LLP
Two World Financial Center
New York, New York 10281
Attention: Donald F. Simone, Esq.

Document Title: 103441 DEED OF TRUST AND SECURITY AGREEMENT
Reference Number(s):
Grantor(s): COMMONWEALTH WASHINGTON HOLDING, INC. ("Grantor")
Grantee(s): 1. MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC. ("Beneficiary") 2. CLARK COUNTY TITLE COMPANY ("Trustee")
Legal Description [abbreviated]: PTN SEC 2, T 2 N, R 7 E (Complete description on Exhibit A)
Assessor's Property Tax Parcel/Account Number(s): 02-07-02-0-0612-00 02-07-02-4-1-0800-00

PREPARED BY AND UPON RECORDATION

RETURN TO:

Messrs. Thacher Proffitt & Wood
Two World Financial Center
New York, New York 10281
Attention: Donald F. Simone, Esq.

COMMONWEALTH WASHINGTON HOLDING, INC., as grantor
(Borrower)

to

CLARK COUNTY TITLE COMPANY, as trustee
(Trustee)

for the benefit of

MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC., as grantee
(Beneficiary)

DEED OF TRUST AND SECURITY AGREEMENT

Dated: As of August 29, 2005

Location: Skamania Lodge
Stevenson, Washington

County: Skamania

MERS MIN: 8000101-0000001825-8

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DEED OF TRUST AND SECURITY AGREEMENT

THIS DEED OF TRUST AND SECURITY AGREEMENT (this "Security Instrument") is made as of this 29 day of August, 2005, by **COMMONWEALTH WASHINGTON HOLDING, INC.**, a Delaware corporation, having its principal place of business at 11777 San Vicente Boulevard, Suite 900, Los Angeles, California 90049 ("**Borrower**"), as grantor, to **CLARK COUNTY TITLE COMPANY**, a Washington corporation, having an address at 1400 Washington Street, Suite 100, Vancouver, Washington 98660, as trustee ("**Trustee**") for the benefit of **MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC.**, a Delaware stock corporation, having an address at 1595 Spring Hill Road, Vienna, Virginia, as beneficiary and Lender's nominee ("**Beneficiary**").

WITNESSETH:

WHEREAS, this Security Instrument is given to secure a loan (the "**Loan**") in the principal sum of Thirty Seven Million Three Hundred Thousand and No/100 Dollars (\$37,300,000.00) advanced pursuant to that certain Loan Agreement, dated as of the date hereof, between Borrower and Bear Stearns Commercial Mortgage, Inc., a New York corporation, having an address at 383 Madison Avenue, New York, New York 10179 (together with its successors and assigns, "**Lender**") (as the same may hereafter be amended, restated, replaced, supplemented, renewed, extended or otherwise modified from time to time, the "**Loan Agreement**") and evidenced by that certain Promissory Note, dated the date hereof, made by Borrower in favor of Lender (as the same may hereafter be amended, restated, replaced, supplemented, renewed, extended or otherwise modified from time to time, the "**Note**");

WHEREAS, Borrower desires to secure the payment of the Debt (as defined in the Loan Agreement) and the performance of all of Borrower's obligations under the Note, the Loan Agreement and the other Loan Documents (as herein defined); and

WHEREAS, this Security Instrument is given pursuant to the Loan Agreement, and payment, fulfillment, and performance by Borrower of its obligations thereunder and under the other Loan Documents are secured hereby, and each and every term and provision of the Loan Agreement, the Note, and that certain Assignment of Leases and Rents of even date herewith made by Borrower in favor of Beneficiary delivered in connection with this Security Agreement (as the same may be amended, restated, replaced, supplemented, renewed, extended or otherwise modified from time to time, the "**Assignment of Leases**"), including the rights, remedies, obligations, covenants, conditions, agreements, indemnities, representations and warranties of the parties therein, are hereby incorporated by reference herein as though set forth in full and shall be considered a part of this Security Instrument (the Loan Agreement, the Note, this Security Instrument, the Assignment of Leases and Rents and all other documents evidencing or securing the Debt (including all additional mortgages, deeds to secure debt and assignments of leases and rents) or executed or delivered in connection therewith, are hereinafter referred to collectively as the "**Loan Documents**").

NOW THEREFORE, in consideration of the making of the Loan by Lender and the covenants, agreements, representations and warranties set forth in this Security Instrument:

Article 1 - GRANTS OF SECURITY

Section 1.1 **PROPERTY MORTGAGED.** Borrower does hereby irrevocably mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey to Trustee for the benefit of Beneficiary and its successors and assigns, to and under the following property, rights, interests and estates now owned, or hereafter acquired by Borrower (collectively, the "**Property**"):

(a) **Land.** The real property described in Exhibit A attached hereto and made a part hereof (the "**Land**");

(b) **Additional Land.** All additional lands, estates and development rights hereafter acquired by Borrower for use in connection with the Land and the development of the Land and all additional lands and estates therein which may, from time to time, by supplemental mortgage or otherwise be expressly made subject to the lien of this Security Instrument;

(c) **Improvements.** The buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on the Land (collectively, the "**Improvements**");

(d) **Easements.** All easements, rights-of-way or use, rights, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, and all estates, rights, titles, interests, privileges, liberties, servitudes, tenements, hereditaments and appurtenances of any nature whatsoever, in any way now or hereafter belonging, relating or pertaining to the Land and the Improvements and the reversions and remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Land, to the center line thereof and all the estates, rights, titles, interests, rights of dower, rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of Borrower of, in and to the Land and the Improvements and every part and parcel thereof, with the appurtenances thereto;

(e) **Equipment.** All "equipment," as such term is defined in Article 9 of the Uniform Commercial Code (as hereinafter defined), now owned or hereafter acquired by Borrower, which is used at or in connection with the Improvements or the Land or is located thereon or therein (including, but not limited to, all machinery, equipment, furnishings, and electronic data-processing and other office equipment now owned or hereafter acquired by Borrower and any and all additions, substitutions and replacements of any of the foregoing), together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto (collectively, the "**Equipment**"). Notwithstanding the foregoing, Equipment shall not include any property belonging to tenants under leases except to the extent that Borrower shall have any right or interest therein;

(f) **Fixtures.** All Equipment now owned, or the ownership of which is hereafter acquired, by Borrower which is so related to the Land and Improvements forming part of the

Property that it is deemed fixtures or real property under the law of the particular state in which the Equipment is located, including, without limitation, all building or construction materials intended for construction, reconstruction, alteration or repair of or installation on the Property, construction equipment, appliances, machinery, plant equipment, fittings, apparatuses, fixtures and other items now or hereafter attached to, installed in or used in connection with (temporarily or permanently) any of the Improvements or the Land, including, but not limited to, engines, devices for the operation of pumps, pipes, plumbing, call and sprinkler systems, fire extinguishing apparatuses and equipment, heating, ventilating, incinerating, electrical, air conditioning and air cooling equipment and systems, gas and electric machinery, appurtenances and equipment, pollution control equipment, security systems, disposals, dishwashers, refrigerators and ranges, recreational equipment and facilities of all kinds, and water, gas, electrical, storm and sanitary sewer facilities, utility lines and equipment (whether owned individually or jointly with others, and, if owned jointly, to the extent of Borrower's interest therein) and all other utilities whether or not situated in easements, all water tanks, water supply, water power sites, fuel stations, fuel tanks, fuel supply, lighting fixtures, stoves, laundry machines, dry cleaning facilities, garbage disposals, washers and dryers), elevators, escalators, bars, bar fixtures, boilers, incinerators, conveyors, cabinets, lockers, electrical signs, call systems, brackets, shelving and all other structures, together with all accessions, appurtenances, additions, replacements, betterments and substitutions for any of the foregoing and the proceeds thereof (collectively, the "**Fixtures**"). Notwithstanding the foregoing, "Fixtures" shall not include any property which tenants are entitled to remove pursuant to leases except to the extent that Borrower shall have any right or interest therein;

(g) Personal Property. All furniture, furnishings, objects of art, machinery, goods, tools, supplies, appliances, general intangibles, contract rights, accounts, accounts receivable, franchises, licenses, certificates and permits (including, without limitation, beds, bureaus, chiffonniers, chests, chairs, desks, lamps, mirrors, bookcases, tables, rugs, carpeting, drapes, draperies, curtains, shades, venetian blinds, screens, paintings, hangings, pictures, divans, couches, luggage carts, luggage racks, stools, sofas, chinaware, linens, pillows, blankets, glassware, silverware, foodcarts, cookware, radios, television sets, plants, floor cleaning, waxing and polishing equipment, vacuum cleaning systems, bulbs, bells, ash and fuel, icemakers, private telephone systems, medical equipment, liquor and other drink dispensers, dictating equipment, dining room wagons, keys or other entry systems, intercom and paging equipment, electric and electronic equipment, fittings, engines, dynamos, motors, switchboards, conduits, compressors, spotlighting equipment, golf carts, golf clubs, golf merchandise, golf maintenance equipment, and other customary hotel and golf equipment), and all other personal property of any kind or character whatsoever as defined in and subject to the provisions of the Uniform Commercial Code, whether tangible or intangible, other than Fixtures, which are now or hereafter owned by Borrower and which are located within or about the Land and the Improvements, together with all accessories, replacements and substitutions thereto or therefor and the proceeds thereof (collectively, the "**Personal Property**"), and the right, title and interest of Borrower in and to any of the Personal Property which may be subject to any security interests, as defined in the Uniform Commercial Code, as adopted and enacted by the state or states where any of the Property is located (the "**Uniform Commercial Code**"), superior in lien to the lien of this Security Instrument and all proceeds and products of the above;

(h) Leases and Rents. All leases (including, without limitation, that certain Amended and Restated Lease and Assignment dated as of August 24, 2005, by and between Borrower, as landlord, and Commonwealth Washington Operating, Inc., as tenant (the "**Operating Lease**")), subleases or subsubleases, lettings, licenses, concessions, rental agreements, registration cards, golf club memberships and agreements, if any, or other agreements (whether written or oral) pursuant to which any Person is granted a possessory interest in, or right to use or occupy all or any portion of the Land and the Improvements, and every modification, amendment or other agreement relating to such leases, subleases, subsubleases, or other agreements entered into in connection with such leases, subleases, subsubleases, or other agreements and every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the other party thereto, heretofore or hereafter entered into (collectively, the "**Leases**"), whether before or after the filing by or against Borrower of any petition for relief under the Bankruptcy Code and, subject to the revocable license granted to Borrower pursuant to Section 1.2 hereof, all right, title and interest of Borrower, its successors and assigns therein and thereunder, including, without limitation, cash or securities deposited thereunder to secure the performance by the lessees of their obligations thereunder and all rents, additional rents, revenues, issues and profits (including all oil and gas or other mineral royalties and bonuses) from the Land and the Improvements and all income, rents, room rates, issues, profits, revenues, deposits, accounts and other benefits from the operation of the hotel and the golf course on the Land and/or the Improvements, including, without limitation, all revenues and credit card receipts collected from guest rooms, restaurants, bars, mini-bars, meeting rooms, banquet rooms, golf course and recreational facilities and otherwise, all receivables, customer obligations, installment payment obligations and other obligations now existing or hereafter arising or created out of sale, lease, sublease, license, concession or other grant of the right of the possession, use or occupancy of all or any portion of the Land and/or Improvements, or personally located thereon, or rendering of services by Borrower or any operator or manager of the hotel, the golf course or the commercial space located in the Improvements or acquired from others including, without limitation, from the rental of any office space, retail space, commercial space, guest room or other space, halls, stores or offices, including any deposits securing reservations of such space, exhibit or sales space of every kind, license, lease, sublease and concession fees and rentals, health club membership fees, golf club membership fees, food and beverage wholesale and retail sales, service charges, vending machine sales and proceeds, if any, from business interruption or other loss of income insurance relating to the use, enjoyment or occupancy of the Land and/or the Improvements, whether paid or accruing before or after the filing by or against Borrower of any petition for relief under the Bankruptcy Code (collectively, the "**Rents**") and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the Debt;

(i) Condemnation Awards. All awards or payments, including interest thereon, which may heretofore and hereafter be made with respect to the Property, whether from the exercise of the right of eminent domain (including, but not limited to, any transfer made in lieu of or in anticipation of the exercise of the right), or for a change of grade, or for any other injury to or decrease in the value of the Property;

(j) Insurance Proceeds. All proceeds in respect of the Property under any insurance policies covering the Property, including, without limitation, the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Property;

(k) Tax Certiorari. All refunds, rebates or credits in connection with reduction in real estate taxes and assessments charged against the Property as a result of tax certiorari or any applications or proceedings for reduction;

(l) Conversion. All proceeds of the conversion, voluntary or involuntary, of any of the foregoing including, without limitation, proceeds of insurance and condemnation awards, into cash or liquidation claims;

(m) Rights. The right, in the name and on behalf of Borrower, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of Beneficiary in the Property;

(n) Agreements. To the extent assignable, all agreements, contracts, certificates, instruments, franchises, permits, licenses, plans, specifications and other documents, now or hereafter entered into, and all rights therein and thereto, respecting or pertaining to the use, occupation, construction, management or operation of the Land and any part thereof and any Improvements or any business or activity conducted on the Land and any part thereof and all right, title and interest of Borrower therein and thereunder, including, without limitation, the right, upon the happening of any default hereunder, to receive and collect any sums payable to Borrower thereunder;

(o) Trademarks. All tradenames, trademarks, servicemarks, logos, copyrights, goodwill, books and records, tenant or guest lists, advertising materials, telephone exchange numbers identified in such materials and all other general intangibles relating to or used in connection with the operation of the Property;

(p) Accounts Receivables. All right, title and interest of Borrower arising from the operation of the Land and the Improvements in and to all payments for goods or property sold or leased or for services rendered, whether or not yet earned by performance, and not evidenced by an instrument or chattel paper, (hereinafter referred to as "Accounts Receivable") including, without limiting the generality of the foregoing, (a) all accounts, contract rights, book debts, and notes arising from the operation of a hotel and the golf course on the Land and the Improvements or arising from the sale, lease or exchange of goods or other property and/or the performance of services, (b) Borrower's rights to payment from any consumer credit/charge card organization or entities which sponsor and administer such cards as the American Express Card, the Visa Card and the Mastercard, (c) Borrower's rights in, to and under all purchase orders for goods, services or other property, (d) Borrower's rights to any goods, services or other property represented by any of the foregoing, (e) monies due to or to become due to Borrower under all contracts for the sale, lease or exchange of goods or other property and/or the performance of services including the right to payment of any interest or finance charges in respect thereto (whether or not yet earned by performance on the part of Borrower) and (f) all collateral security and guaranties of

any kind given by any person or entity with respect to any of the foregoing. Accounts Receivable shall include those now existing or hereafter created, substitutions therefor, proceeds (whether cash or non-cash, movable or immovable, tangible or intangible) received upon the sale, exchange, transfer, collection or other disposition or substitution thereof and any and all of the foregoing and proceeds therefrom;

(q) Accounts. All reserves, escrows and deposit accounts maintained by Borrower with respect to the Property, together with all deposits or wire transfers made to such accounts and all cash, checks, drafts, certificates, securities, investment property, financial assets, instruments and other property held therein from time to time and all proceeds, products, distributions or dividends or substitutions thereon and thereof; and

(r) Security Interests. All right, title and interest of lessor under the Operating Lease as secured party in the personal property and collateral pursuant to the security interest granted by Operating Lessee to the lessor thereunder (the "**Operating Lease Security Agreement**");

(s) Other Rights. Any and all other rights of Borrower in and to the items set forth in Subsections (a) through (r) above.

AND without limiting any of the other provisions of this Security Instrument, to the extent permitted by applicable law, Borrower expressly grants to Beneficiary, as secured party, a security interest in the portion of the Property which is or may be subject to the provisions of the Uniform Commercial Code which are applicable to secured transactions; it being understood and agreed that the Improvements and Fixtures are part and parcel of the Land (the Land, the Improvements and the Fixtures collectively referred to as the "**Real Property**") appropriated to the use thereof and, whether affixed or annexed to the Real Property or not, shall for the purposes of this Security Instrument be deemed conclusively to be real estate and subject to this Security Instrument.

Section 1.2 ASSIGNMENT OF RENTS. Borrower hereby absolutely and unconditionally assigns to Beneficiary all of Borrower's right, title and interest in and to all current and future Leases and Rents; it being intended by Borrower that this assignment constitutes a present, absolute assignment and not an assignment for additional security only. Nevertheless, subject to the terms of the Assignment of Leases, the Cash Management Agreement and Section 7.1(h) of this Security Instrument, Beneficiary grants to Borrower a revocable license to collect, receive, use and enjoy the Rents and Borrower shall hold the Rents, or a portion thereof sufficient to discharge all current sums due on the Debt, for use in the payment of such sums.

Section 1.3 SECURITY AGREEMENT. This Security Instrument is both a real property mortgage and a "security agreement" within the meaning of the Uniform Commercial Code. The Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Borrower in the Property. By executing and delivering this Security Instrument, Borrower hereby grants to Beneficiary, as security for the Obligations (hereinafter defined), a security interest in the Fixtures, the Equipment, the Personal Property and the Operating Lease Security Agreement to the full extent that the Fixtures, the Equipment, the

Personal Property and the Operating Lease Security Agreement may be subject to the Uniform Commercial Code (said portion of the Property so subject to the Uniform Commercial Code being called the "Collateral").

Section 1.4 **FIXTURE FILING.** Certain of the Property is or will become "fixtures" (as that term is defined in the Uniform Commercial Code) on the Land, and this Security Instrument, upon being filed for record in the real estate records of the city or county wherein such fixtures are situated, shall operate also as a financing statement filed as a fixture filing in accordance with the applicable provisions of said Uniform Commercial Code upon such of the Property that is or may become fixtures.

Section 1.5 **PLEDGES OF MONIES HELD.** Borrower hereby pledges to Beneficiary any and all monies now or hereafter deposited by Borrower with Lender that is held by Lender or on behalf of Lender, including, without limitation, any Net Proceeds, as additional security for the Obligations until expended or applied as provided in this Security Instrument and the other Loan Documents.

Section 1.6 **GRANTS TO BENEFICIARY.** This Security Instrument and the grants, assignments and transfers made to Beneficiary in this Article 1 shall inure to Beneficiary solely in its capacity as Lender's nominee.

CONDITIONS TO GRANT

TO HAVE AND TO HOLD the above granted and described Property unto Trustee for and on behalf of Beneficiary and to the use and benefit of Beneficiary and Trustee for their successors and assigns, forever;

IN TRUST, WITH POWER OF SALE, to secure payment to Lender of the Debt at the time and in the manner provided for its payment in the Loan Agreement, the Note and in this Security Instrument.

PROVIDED, HOWEVER, these presents are upon the express condition that, if Borrower shall well and truly pay to Lender the Debt at the time and in the manner provided in the Note, the Loan Agreement and this Security Instrument, shall well and truly perform the Other Obligations as set forth in this Security Instrument and shall well and truly abide by and comply with each and every covenant and condition set forth herein and in the Note, the Loan Agreement and the other Loan Documents, these presents and the estate hereby granted shall cease, terminate and be void; provided, however, that Borrower's obligation to indemnify and hold harmless Lender pursuant to the provisions hereof shall survive any such payment or release.

Article 2 - DEBT AND OBLIGATIONS SECURED

Section 2.1 **DEBT.** This Security Instrument and the grants, assignments and transfers made in Article I are given for the purpose of securing the Debt.

Section 2.2 **OTHER OBLIGATIONS.** This Security Instrument and the grants,

assignments and transfers made in Article I are also given for the purpose of securing the following (the "**Other Obligations**");

- (a) the performance of all other obligations of Borrower contained herein;
- (b) the performance of each obligation of Borrower contained in the Loan Agreement and any other Loan Document; and
- (c) the performance of each obligation of Borrower contained in any renewal, extension, amendment, modification, consolidation, change of, or substitution or replacement for, all or any part of the Note, the Loan Agreement or any other Loan Document.

Section 2.3 **DEBT AND OTHER OBLIGATIONS.** Borrower's obligations for the payment of the Debt and Borrower's obligations with respect to the performance of the Other Obligations shall be referred to collectively herein as the "**Obligations.**"

Article 3 - BORROWER COVENANTS

Borrower covenants and agrees that:

Section 3.1 **PAYMENT OF DEBT.** Borrower will pay the Debt at the time and in the manner provided in the Loan Agreement, the Note and this Security Instrument.

Section 3.2 **INCORPORATION BY REFERENCE.** All the covenants, conditions and agreements contained in (a) the Loan Agreement, (b) the Note and (c) all and any of the other Loan Documents, are hereby made a part of this Security Instrument to the same extent and with the same force as if fully set forth herein.

Section 3.3 **INSURANCE.** Borrower shall obtain and maintain, or cause to be maintained, in full force and effect at all times insurance with respect to Borrower and the Property as required pursuant to the Loan Agreement.

Section 3.4 **MAINTENANCE OF PROPERTY.** Borrower shall, or shall cause Operating Lessee to, cause the Property to be maintained in a good and safe condition and repair. The Improvements, the Fixtures, the Equipment and the Personal Property shall not be removed, demolished or materially altered (except for normal replacement of the Fixtures, the Equipment or the Personal Property, tenant finish and refurbishment of the Improvements) without the consent of Lender. Borrower shall promptly repair, replace or rebuild any part of the Property which may be destroyed by any Casualty or become damaged, worn or dilapidated or which may be affected by any Condemnation, and shall complete and pay for any structure at any time in the process of construction or repair on the Land.

Section 3.5 **WASTE.** Borrower shall not, and shall cause Operating Lessee not to, commit or suffer any waste of the Property or make any change in the use of the Property which will in any way materially increase the risk of fire or other hazard arising out of the operation of the Property, or take any action that might invalidate or allow the cancellation of any Policy, or

do or permit to be done thereon anything that may in any way materially impair the value of the Property or the security of this Security Instrument. Borrower will not, and shall cause Operating Lessee not to, without the prior written consent of Lender, permit any drilling or exploration for or extraction, removal, or production of any minerals from the surface or the subsurface of the Land, regardless of the depth thereof or the method of mining or extraction thereof.

Section 3.6 **PAYMENT FOR LABOR AND MATERIALS.** (a) Borrower shall, or shall cause Operating Lessee to, promptly pay when due all bills and costs for labor, materials, and specifically fabricated materials ("**Labor and Material Costs**") incurred in connection with the Property and never permit to exist beyond the due date thereof (beyond any applicable grace or cure period) in respect of the Property or any part thereof any lien or security interest, even though inferior to the liens and the security interests hereof, and in any event never permit to be created or exist in respect of the Property or any part thereof any other or additional lien or security interest other than the liens or security interests hereof except for the Permitted Encumbrances.

(b) After prior written notice to Lender, Borrower, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any of the Labor and Material Costs, provided that (i) no Event of Default has occurred and is continuing under the Loan Agreement, the Note, this Security Instrument or any of the other Loan Documents, (ii) Borrower is permitted to do so under the provisions of any other mortgage, deed of trust or deed to secure debt affecting the Property, (iii) such proceeding shall suspend the collection of the Labor and Material Costs from Borrower and from the Property or Borrower shall have paid all of the Labor and Material Costs under protest, (iv) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Borrower is subject and shall not constitute a default thereunder, (v) neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, canceled or lost, and (vi) Borrower shall have furnished the security as may be required in the proceeding, or as may be reasonably requested by Lender to insure the payment of any contested Labor and Material Costs, together with all interest and penalties thereon.

Section 3.7 **PERFORMANCE OF OTHER AGREEMENTS.** Borrower shall observe and perform each and every term, covenant and provision to be observed or performed by Borrower pursuant to the Loan Agreement, any other Loan Document and any other agreement or recorded instrument affecting or pertaining to the Property, including but not limited to the Operating Lease, and any amendments, modifications or changes thereto.

Section 3.8 **CHANGE OF NAME, IDENTITY OR STRUCTURE.** Borrower shall not change Borrower's name, identity (including its trade name or names) or, if not an individual, Borrower's corporate, partnership or other structure without notifying Lender of such change in writing at least thirty (30) days prior to the effective date of such change and, in the case of a change in Borrower's structure, without first obtaining the prior written consent of Lender. Borrower shall execute and deliver to Lender, prior to or contemporaneously with the effective

date of any such change, any financing statement or financing statement change required by Lender to establish or maintain the validity, perfection and priority of the security interest granted herein. At the request of Lender, Borrower shall execute a certificate in form satisfactory to Lender listing the trade names under which Borrower intends to operate the Property, and representing and warranting that Borrower does business under no other trade name with respect to the Property.

Section 3.9 **TITLE.** Borrower has good, marketable and insurable fee simple title to the real property comprising part of the Property and good title to the balance of such Property, free and clear all Liens (as defined in the Loan Agreement) whatsoever except the Permitted Encumbrances (as defined in the Loan Agreement), such other Liens as are permitted pursuant to the Loan Documents and the Liens created by the Loan Documents. The Permitted Encumbrances in the aggregate do not materially and adversely affect the value, operation or use of the Property or Borrower's ability to repay the Loan. This Security Instrument, when properly recorded in the appropriate records, together with any Uniform Commercial Code financing statements required to be filed in connection therewith, will create (a) a valid, perfected first priority lien on the Property, subject only to Permitted Encumbrances and the Liens created by the Loan Documents and (b) perfected security interests in and to, and perfected collateral assignments of, all personalty (including the Leases), all in accordance with the terms thereof, in each case subject only to any applicable Permitted Encumbrances, such other Liens as are permitted pursuant to the Loan Documents and the Liens created by the Loan Documents. There are no claims for payment for work, labor or materials affecting the Property which are past due and are or may become a lien prior to, or of equal priority with, the Liens created by the Loan Documents unless such claims for payments are being contested in accordance with the terms and conditions of this Security Instrument.

Article 4 - OBLIGATIONS AND RELIANCES

Section 4.1 **RELATIONSHIP OF BORROWER AND LENDER.** The relationship between Borrower and Lender is solely that of debtor and creditor, and Lender has no fiduciary or other special relationship with Borrower, and no term or condition of any of the Loan Agreement, the Note, this Security Instrument and the other Loan Documents shall be construed so as to deem the relationship between Borrower and Lender to be other than that of debtor and creditor.

Section 4.2 **NO RELIANCE ON LENDER.** The general partners, members, principals, affiliates and (if Borrower is a trust) beneficial owners of Borrower are experienced in the ownership and operation of properties similar to the Property, and Borrower and Lender are relying solely upon such expertise and business plan in connection with the ownership and operation of the Property. Borrower is not relying on Lender's expertise, business acumen or advice in connection with the Property.

Section 4.3 **NO LENDER OBLIGATIONS.** (a) Notwithstanding the provisions of Subsections 1.1(h) and (n) or Section 1.2, Lender is not undertaking the performance of (i) any obligations under the Leases; or (ii) any obligations with respect to such agreements, contracts, certificates, instruments, franchises, permits, trademarks, licenses and other documents.

(b) By accepting or approving anything required to be observed, performed or fulfilled or to be given to Lender pursuant to this Security Instrument, the Loan Agreement, the Note or the other Loan Documents, including, without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal, or insurance policy, Lender shall not be deemed to have warranted, consented to, or affirmed the sufficiency, the legality or effectiveness of same, and such acceptance or approval thereof shall not constitute any warranty or affirmation with respect thereto by Lender.

Section 4.4 **RELIANCE.** Borrower recognizes and acknowledges that in accepting the Loan Agreement, the Note, this Security Instrument and the other Loan Documents, Lender is expressly and primarily relying on the truth and accuracy of the warranties and representations set forth in Section 4.1 of the Loan Agreement without any obligation to investigate the Property and notwithstanding any investigation of the Property by Lender; that such reliance existed on the part of Lender prior to the date hereof, that the warranties and representations are a material inducement to Lender in making the Loan; and that Lender would not be willing to make the Loan and accept this Security Instrument in the absence of the warranties and representations as set forth in Section 4.1 of the Loan Agreement.

Article 5 - FURTHER ASSURANCES

Section 5.1 **RECORDING OF SECURITY INSTRUMENT, ETC.** Borrower forthwith upon the execution and delivery of this Security Instrument and thereafter, from time to time, will cause this Security Instrument and any of the other Loan Documents creating a lien or security interest or evidencing the lien hereof upon the Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect and perfect the lien or security interest hereof upon, and the interest of Lender in, the Property. Borrower will pay all taxes, filing, registration or recording fees, and all expenses incident to the preparation, execution, acknowledgment and/or recording of the Note, this Security Instrument, the other Loan Documents, any note, deed of trust or mortgage supplemental hereto, any security instrument with respect to the Property and any instrument of further assurance, and any modification or amendment of the foregoing documents, and all federal, state, county and municipal taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Security Instrument, any deed of trust or mortgage supplemental hereto, any security instrument with respect to the Property or any instrument of further assurance, and any modification or amendment of the foregoing documents, except where prohibited by law so to do.

Section 5.2 **FURTHER ACTS, ETC.** Borrower will, at the cost of Borrower, and without expense to Lender, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, deeds of trust, mortgages, assignments, notices of assignments, transfers and assurances as Lender shall, from time to time, reasonably require, for the better assuring, conveying, assigning, transferring, and confirming unto Lender the property and rights hereby mortgaged, deeded, granted, bargained, sold, conveyed, confirmed, pledged, assigned, warranted and transferred or intended now or hereafter so to be, or which Borrower may be or may

hereafter become bound to convey or assign to Lender, or for carrying out the intention or facilitating the performance of the terms of this Security Instrument or for filing, registering or recording this Security Instrument, or for complying with all Legal Requirements. Borrower, on demand, will execute and deliver, and in the event it shall fail to so execute and deliver, hereby authorizes Lender to execute in the name of Borrower or without the signature of Borrower to the extent Lender may lawfully do so, one or more financing statements to evidence more effectively the security interest of Lender in the Property. Borrower grants to Lender an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Lender at law and in equity, including without limitation, such rights and remedies available to Lender pursuant to this Section 5.2.

Section 5.3 CHANGES IN TAX, DEBT, CREDIT AND DOCUMENTARY STAMP LAWS. (a) If any law is enacted or adopted or amended after the date of this Security Instrument which deducts the Debt from the value of the Property for the purpose of taxation or which imposes a tax, either directly or indirectly, on the Debt or Lender's interest in the Property, Borrower will pay the tax, with interest and penalties thereon, if any. If Lender is advised by counsel chosen by it that the payment of tax by Borrower would be unlawful or taxable to Lender or unenforceable or provide the basis for a defense of usury, then Lender shall have the option by written notice of not less than one hundred twenty (120) days to declare the Debt immediately due and payable.

(b) Borrower will not claim or demand or be entitled to any credit or credits on account of the Debt for any part of the Taxes or Other Charges assessed against the Property, or any part thereof, and no deduction shall otherwise be made or claimed from the assessed value of the Property, or any part thereof, for real estate tax purposes by reason of this Security Instrument or the Debt. If such claim, credit or deduction shall be required by law, Lender shall have the option, by written notice of not less than one hundred twenty (120) days, to declare the Debt immediately due and payable.

(c) If at any time the United States of America, any State thereof or any subdivision of any such State shall require revenue or other stamps to be affixed to the Note, this Security Instrument, or any of the other Loan Documents or impose any other tax or charge on the same, Borrower will pay for the same, with interest and penalties thereon, if any.

Section 5.4 SEVERING OF DEED OF TRUST. This Security Instrument and the Note shall, at any time until the same shall be fully paid and satisfied, at the sole election of Lender, be severed into two or more notes and two or more security instruments in such denominations as Lender shall determine in its sole discretion, each of which shall cover all or a portion of the Property to be more particularly described therein. To that end, Borrower, upon written request of Lender, shall execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered by the then owner of the Property, to Lender and/or its designee or designees substitute notes and security instruments in such principal amounts, aggregating not more than the then unpaid principal amount of this Security Instrument, and containing terms, provisions and clauses similar to those contained herein and in the Note, and such other documents and instruments as may be required by Lender.

Section 5.5 **REPLACEMENT DOCUMENTS.** Upon receipt of an affidavit of an officer of Lender as to the loss, theft, destruction or mutilation of the Note or any other Loan Document which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Note or other Loan Document, Borrower will issue, in lieu thereof, a replacement Note or other Loan Document, dated the date of such lost, stolen, destroyed or mutilated Note or other Loan Document in the same principal amount thereof and otherwise of like tenor.

Article 6 - DUE ON SALE/ENCUMBRANCE

Section 6.1 **LENDER RELIANCE.** Borrower acknowledges that Lender has examined and relied on the experience of Borrower and its general partners, members, principals and (if Borrower is a trust) beneficial owners in owning and operating properties such as the Property in agreeing to make the Loan, and will continue to rely on Borrower's ownership of the Property as a means of maintaining the value of the Property as security for repayment of the Debt and the performance of the Other Obligations. Borrower acknowledges that Lender has a valid interest in maintaining the value of the Property so as to ensure that, should Borrower default in the repayment of the Debt or the performance of the Other Obligations, Lender can recover the Debt by a sale of the Property.

Section 6.2 **NO SALE/ENCUMBRANCE.** Neither Borrower nor any Restricted Party shall Transfer the Property or any part thereof or any interest therein or permit or suffer the Property or any part thereof or any interest therein to be Transferred other than as expressly permitted pursuant to the terms of the Loan Agreement.

Article 7 - RIGHTS AND REMEDIES UPON DEFAULT

Section 7.1 **REMEDIES.** Upon the occurrence and during the continuance of any Event of Default, that remains uncured beyond any applicable cure period, Borrower agrees that Lender, Trustee or Beneficiary, acting on behalf of and at the direction of Lender in its capacity as Lender's nominee, may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Borrower and in and to the Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Trustee or Lender may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Trustee or Lender:

- (a) declare the entire unpaid Debt to be immediately due and payable;
- (b) institute proceedings, judicial or otherwise, for the complete foreclosure of this Security Instrument under any applicable provision of law, in which case the Property or any interest therein may be sold for cash or upon credit in one or more parcels or in several interests or portions and in any order or manner;
- (c) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Security Instrument for the portion of the Debt then due and payable, subject to the continuing lien and

security interest of this Security Instrument for the balance of the Debt not then due, unimpaired and without loss of priority;

(d) sell for cash or upon credit the Property or any part thereof and all estate, claim, demand, right, title and interest of Borrower therein and rights of redemption thereof, pursuant to power of sale or otherwise, at one or more sales, as an entirety or in parcels, at such time and place, upon such terms and after such notice thereof as may be required or permitted by law;

(e) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein, in the Note, the Loan Agreement or in the other Loan Documents;

(f) recover judgment on the Note either before, during or after any proceedings for the enforcement of this Security Instrument or the other Loan Documents;

(g) apply for the appointment of a receiver, trustee, liquidator or conservator of the Property, without notice and without regard for the adequacy of the security for the Debt and without regard for the solvency of Borrower, any Guarantor or Indemnifying Person with respect to the Loan or of any Person liable for the payment of the Debt;

(h) the license granted to Borrower under Section 1.2 hereof shall automatically be revoked and Lender may enter into or upon the Property, either personally or by its agents, nominees or attorneys and dispossess Borrower and its agents and servants therefrom, without liability for trespass, damages or otherwise and exclude Borrower and its agents or servants wholly therefrom, and take possession of all books, records and accounts relating thereto and Borrower agrees to surrender possession of the Property and of such books, records and accounts to Lender upon demand, and thereupon Lender may (i) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Property and conduct the business thereat; (ii) complete any construction on the Property in such manner and form as Lender deems advisable; (iii) make alterations, additions, renewals, replacements and improvements to or on the Property; (iv) exercise all rights and powers of Borrower with respect to the Property, whether in the name of Borrower or otherwise, including, without limitation, the right to make, cancel, enforce or modify Leases, obtain and evict tenants, and demand, sue for, collect and receive all Rents of the Property and every part thereof; (v) require Borrower to pay monthly in advance to Lender, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Property as may be occupied by Borrower; (vi) require Borrower to vacate and surrender possession of the Property to Lender or to such receiver and, in default thereof, Borrower may be evicted by summary proceedings or otherwise; and (vii) apply the receipts from the Property to the payment of the Debt, in such order, priority and proportions as Lender shall deem appropriate in its sole discretion after deducting therefrom all expenses (including reasonable attorneys' fees) incurred in connection with the aforesaid operations and all amounts necessary to pay the Taxes, Other Charges, insurance and other expenses in connection with the Property, as well as just and reasonable compensation for the services of Lender, its counsel, agents and employees;

(i) exercise any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing: (i) the right to take possession of the Fixtures, the Equipment, the Personal Property or any part thereof, and to take such other measures as Lender may deem necessary for the care, protection and preservation of the Fixtures, the Equipment, the Personal Property, and (ii) request Borrower at its expense to assemble the Fixtures, the Equipment, the Personal Property and make it available to Lender at a convenient place acceptable to Lender. Any notice of sale, disposition or other intended action by Lender with respect to the Fixtures, the Equipment, the Personal Property sent to Borrower in accordance with the provisions hereof at least ten (10) days prior to such action, shall constitute commercially reasonable notice to Borrower;

(j) apply any sums then deposited or held in escrow or otherwise by or on behalf of Lender in accordance with the terms of the Loan Agreement, this Security Instrument or any other Loan Document to the payment of the following items in any order in its uncontrolled discretion:

- (i) Taxes and Other Charges;
- (ii) Insurance Premiums;
- (iii) Interest on the unpaid principal balance of the Note;
- (iv) Amortization of the unpaid principal balance of the Note;
- (v) All other sums payable pursuant to the Note, the Loan Agreement, this Security Instrument and the other Loan Documents, including without limitation advances made by Lender pursuant to the terms of this Security Instrument;

(k) apply the undisbursed balance of any Net Proceeds Deficiency deposit, together with interest thereon, to the payment of the Debt in such order, priority and proportions as Lender shall deem to be appropriate in its discretion; or

(l) pursue such other remedies as Lender may have under applicable law.

In the event of a sale, by foreclosure, power of sale or otherwise, of less than all of the Property, this Security Instrument shall continue as a lien and security interest on the remaining portion of the Property unimpaired and without loss of priority.

Section 7.2 **APPLICATION OF PROCEEDS.** The purchase money, proceeds and avails of any disposition of the Property, and or any part thereof, or any other sums collected by Lender pursuant to the Note, this Security Instrument or the other Loan Documents, may be applied by Lender to the payment of the Debt in such priority and proportions as Lender in its discretion shall deem proper.

Section 7.3 **RIGHT TO CURE DEFAULTS.** Upon the occurrence and during the

continuance of any Event of Default that remains uncured beyond any applicable cure period, Lender may, but without any obligation to do so and without notice to or demand on Borrower and without releasing Borrower from any obligation hereunder, make any payment or do any act required of Borrower hereunder in such manner and to such extent as Lender may deem necessary to protect the security hereof. Lender is authorized to enter upon the Property for such purposes, or appear in, defend, or bring any action or proceeding to protect its interest in the Property or to foreclose this Security Instrument or collect the Debt, and the cost and expense thereof (including reasonable attorneys' fees to the extent permitted by law), with interest as provided in this Section 7.3, shall constitute a portion of the Debt and shall be due and payable to Lender upon demand. All such costs and expenses incurred by Lender in remedying such Event of Default or such failed payment or act or in appearing in, defending, or bringing any such action or proceeding shall bear interest at the Default Rate, for the period after notice from Lender that such cost or expense was incurred to the date of payment to Lender. All such costs and expenses incurred by Lender together with interest thereon calculated at the Default Rate shall be deemed to constitute a portion of the Debt and be secured by this Security Instrument and the other Loan Documents and shall be immediately due and payable upon demand by Lender therefor.

Section 7.4 ACTIONS AND PROCEEDINGS. Lender has the right to appear in and defend any action or proceeding brought with respect to the Property and to bring any action or proceeding, in the name and on behalf of Borrower, which Lender, in its discretion, decides should be brought to protect its interest in the Property.

Section 7.5 RECOVERY OF SUMS REQUIRED TO BE PAID. During the existence and continuance of an Event of Default, Lender shall have the right from time to time to take action to recover any sum or sums which constitute a part of the Debt as the same become due, without regard to whether or not the balance of the Debt shall be due, and without prejudice to the right of Lender thereafter to bring an action of foreclosure, or any other action, for a default or defaults by Borrower existing at the time such earlier action was commenced.

Section 7.6 EXAMINATION OF BOOKS AND RECORDS. During normal business hours and upon reasonable notice, Lender, its agents, accountants and attorneys shall have the right to examine the records, books, management and other papers of Borrower which reflect upon their financial condition, at the Property or at any office regularly maintained by Borrower where the books and records are located. Lender and its agents shall have the right to make copies and extracts from the foregoing records and other papers. In addition, during normal business hours and upon reasonable notice, Lender, its agents, accountants and attorneys shall have the right to examine and audit the books and records of Borrower pertaining to the income, expenses and operation of the Property during normal business hours at any office of Borrower where the books and records are located. This Section 7.6 shall apply throughout the term of the Note and without regard to whether an Event of Default has occurred or is continuing.

Section 7.7 OTHER RIGHTS, ETC. (a) The failure of Lender to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this Security Instrument. Borrower shall not be relieved of Borrower's obligations hereunder by reason of

(i) the failure of Lender to comply with any request of Borrower or any Guarantor or Indemnifying Person with respect to the Loan to take any action to foreclose this Security Instrument or otherwise enforce any of the provisions hereof or of the Note or the other Loan Documents, (ii) the release, regardless of consideration, of the whole or any part of the Property, or of any person liable for the Debt or any portion thereof, or (iii) any agreement or stipulation by Lender extending the time of payment or otherwise modifying or supplementing the terms of the Note, this Security Instrument or the other Loan Documents.

(b) It is agreed that the risk of loss or damage to the Property is on Borrower, and Lender shall have no liability whatsoever for decline in value of the Property, for failure to maintain the Policies, or for failure to determine whether insurance in force is adequate as to the amount of risks insured. Possession by Lender shall not be deemed an election of judicial relief if any such possession is requested or obtained with respect to any Property or collateral not in Lender's possession.

(c) During the existence and continuance of an Event of Default, Lender may resort for the payment of the Debt to any other security held by Lender in such order and manner as Lender, in its discretion, may elect. During the existence and continuance of an Event of Default, Lender may take action to recover the Debt, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Lender thereafter to foreclose this Security Instrument. The rights of Lender under this Security Instrument shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Lender shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision. Lender shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every right and remedy now or hereafter afforded at law or in equity.

Section 7.8 **RIGHT TO RELEASE ANY PORTION OF THE PROPERTY.** Lender may release any portion of the Property for such consideration as Lender may require without, as to the remainder of the Property, in any way impairing or affecting the lien or priority of this Security Instrument, or improving the position of any subordinate lienholder with respect thereto, except to the extent that the obligations hereunder shall have been reduced by the actual monetary consideration, if any, received by Lender for such release, and may accept by assignment, pledge or otherwise any other property in place thereof as Lender may require without being accountable for so doing to any other lienholder. This Security Instrument shall continue as a lien and security interest in the remaining portion of the Property.

Section 7.9 **VIOLATION OF LAWS.** If the Property is not in material compliance with Legal Requirements, Lender may impose additional requirements upon Borrower in connection herewith including, without limitation, monetary reserves or financial equivalents.

Section 7.10 **RECOURSE AND CHOICE OF REMEDIES.** Notwithstanding any other provision of this Security Instrument or the Loan Agreement, including, without limitation, Section 9.3 of the Loan Agreement, Lender and other Indemnified Parties (as hereinafter defined) are entitled to enforce the obligations of Borrower, any Guarantor and Indemnifying Person contained in Sections 9.2 and 9.3 herein without first resorting to or exhausting any

security or collateral and without first having recourse to the Note or any of the Property, through foreclosure or acceptance of a deed in lieu of foreclosure or otherwise, and in the event Lender commences a foreclosure action against the Property, Lender is entitled to pursue a deficiency judgment with respect to such obligations against Borrower, and any Guarantor or Indemnifying Person with respect to the Loan. The provisions of Sections 9.2 and 9.3 herein are exceptions to any non-recourse or exculpation provisions in the Loan Agreement, the Note, this Security Instrument or the other Loan Documents, and Borrower and any Guarantor or Indemnifying Person with respect to the Loan are fully and personally liable for the obligations pursuant to Sections 9.2 and 9.3 herein. The liability of Borrower and any guarantor or indemnitor with respect to the Loan pursuant to Sections 9.2 and 9.3 herein is not limited to the original principal amount of the Note. Notwithstanding the foregoing, nothing herein shall inhibit or prevent Lender from foreclosing or exercising any other rights and remedies pursuant to the Loan Agreement, the Note, this Security Instrument and the other Loan Documents, whether simultaneously with foreclosure proceedings or in any other sequence. A separate action or actions may be brought and prosecuted against Borrower pursuant to Sections 9.2 and 9.3 herein whether or not action is brought against any other Person or whether or not any other Person is joined in the action or actions. In addition, Lender shall have the right but not the obligation to join and participate in, as a party if it so elects, any administrative or judicial proceedings or actions initiated in connection with any matter addressed in Article 8 or Section 9.4 herein.

Section 7.11 **RIGHT OF ENTRY.** Upon reasonable notice to Borrower, Lender and its agents shall have the right to enter and inspect the Property at all reasonable times.

Article 8 - RESERVED

Article 9 - INDEMNIFICATION

Section 9.1 **GENERAL INDEMNIFICATION.** Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses, costs, expenses, diminutions in value, fines, penalties, charges, fees, expenses, judgments, awards, amounts paid in settlement, punitive damages, foreseeable and unforeseeable consequential damages, of whatever kind or nature (including but not limited to reasonable attorneys' fees and other costs of defense) (collectively, the "**Losses**") imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any one or more of the following: (a) ownership of this Security Instrument, the Property or any interest therein or receipt of any Rents; (b) any amendment to, or restructuring of, the Debt, the Note, the Loan Agreement, this Security Instrument, or any other Loan Documents; (c) any and all lawful action that may be taken by Lender in connection with the enforcement of the provisions of this Security Instrument, the Loan Agreement, the Note or any of the other Loan Documents, whether or not suit is filed in connection with same, or in connection with Borrower, any Guarantor or Indemnifying Person and/or any partner, joint venturer or shareholder thereof becoming a party to a voluntary or involuntary federal or state bankruptcy, insolvency or similar proceeding;

(d) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (e) any use, nonuse or condition in, on or about the Property or any part thereof or on the adjoining sidewalks, adjoining curbs, adjacent property or adjacent parking areas, streets or ways; (f) any failure on the part of Borrower to perform or be in compliance with any of the terms of this Security Instrument, the Note, the Loan Agreement or any of the other Loan Documents; (g) performance of any labor or services or the furnishing of any materials or other property in respect of the Property or any part thereof; (h) the failure of any person to file timely with the Internal Revenue Service an accurate Form 1099-B, Statement for Recipients of Proceeds from Real Estate, Broker and Barter Exchange Transactions, which may be required in connection with this Security Instrument, or to supply a copy thereof in a timely fashion to the recipient of the proceeds of the transaction in connection with which this Security Instrument is made; (i) any failure of the Property to be in compliance with any Legal Requirements; (j) the enforcement by any Indemnified Party of the provisions of this Article 9; (k) any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained in any Lease; (l) the payment of any commission, charge or brokerage fee to anyone claiming through Borrower which may be payable in connection with the funding of the Loan; or (m) any material misrepresentation made by Borrower in this Security Instrument or any other Loan Document. Any amounts payable to Lender by reason of the application of this Section 9.1 shall become immediately due and payable and shall bear interest at the Default Rate from the date loss or damage is sustained by Lender until paid. For purposes of this Article 9, the term "**Indemnified Parties**" means Lender and any Person who is or will have been involved in the origination of the Loan, any Person who is or will have been involved in the servicing of the Loan secured hereby, any Person in whose name the encumbrance created by this Security Instrument is or will have been recorded, any Person who may hold or acquire or will have held a full or partial interest in the Loan secured hereby (including, but not limited to, investors or prospective investors in the Securities, as well as custodians, trustees and other fiduciaries who hold or have held a full or partial interest in the Loan secured hereby for the benefit of third parties) as well as the respective directors, officers, shareholders, partners, employees, agents, servants, representatives, contractors, subcontractors, affiliates, subsidiaries, participants, successors and assigns of any and all of the foregoing (including, but not limited to, any other Person who holds or acquires or will have held a participation or other full or partial interest in the Loan, whether during the term of the Loan or as a part of or following a foreclosure of the Loan and any successors by merger, consolidation or acquisition of all or a substantial portion of Lender's assets and business).

Section 9.2 **MORTGAGE AND/OR INTANGIBLE TAX.** Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any tax on the making and/or recording of this Security Instrument, the Note or any of the other Loan Documents, but excluding any income, franchise or other similar taxes.

Section 9.3 **ERISA INDEMNIFICATION.** Borrower shall, at its sole cost and expense,

protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses (including, without limitation, reasonable attorneys' fees and costs incurred in the investigation, defense, and settlement of Losses incurred in correcting any prohibited transaction or in the sale of a prohibited loan, and in obtaining any individual prohibited transaction exemption under ERISA that may be required, in Lender's sole discretion) that Lender may incur, directly or indirectly, as a result of a default under Sections 4.1.9 or 5.2.12 of the Loan Agreement.

Section 9.4 **RESERVED.**

Section 9.5 **DUTY TO DEFEND; ATTORNEYS' FEES AND OTHER FEES AND EXPENSES.** Upon written request by any Indemnified Party, Borrower shall defend such Indemnified Party (if requested by any Indemnified Party, in the name of the Indemnified Party) by attorneys and other professionals approved by the Indemnified Parties. Notwithstanding the foregoing, if the defendants in any such claim or proceeding include both Borrower and any Indemnified Party and Borrower and such Indemnified Party shall have reasonably concluded that there are any legal defenses available to it and/or other Indemnified Parties that are different from or additional to those available to Borrower, such Indemnified Party shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such Indemnified Party, provided that no compromise or settlement shall be entered without Borrower's consent, which consent shall not be unreasonably withheld. Upon demand, Borrower shall pay or, in the sole and absolute discretion of the Indemnified Parties, reimburse, the Indemnified Parties for the payment of reasonable fees and disbursements of attorneys, engineers, environmental consultants, laboratories and other professionals in connection therewith.

Article 10 - WAIVERS

Section 10.1 **WAIVER OF COUNTERCLAIM.** To the extent permitted by applicable law, Borrower hereby waives the right to assert a counterclaim, other than a mandatory or compulsory counterclaim, in any action or proceeding brought against it by Lender arising out of or in any way connected with this Security Instrument, the Loan Agreement, the Note, any of the other Loan Documents, or the Obligations.

Section 10.2 **MARSHALLING AND OTHER MATTERS.** To the extent permitted by applicable law, Borrower hereby waives the benefit of all appraisal, valuation, stay, extension, reinstatement and redemption laws now or hereafter in force and all rights of marshalling in the event of any sale hereunder of the Property or any part thereof or any interest therein. Further, Borrower hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Security Instrument on behalf of Borrower, and on behalf of each and every person acquiring any interest in or title to the Property subsequent to the date of this Security Instrument and on behalf of all persons to the extent permitted by applicable law.

Section 10.3 **WAIVER OF NOTICE.** To the extent permitted by applicable law, Borrower shall not be entitled to any notices of any nature whatsoever from Lender except with respect to

matters for which this Security Instrument specifically and expressly provides for the giving of notice by Lender to Borrower and except with respect to matters for which Lender is required by applicable law to give notice, and Borrower hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Security Instrument does not specifically and expressly provide for the giving of notice by Lender to Borrower.

Section 10.4 **WAIVER OF STATUTE OF LIMITATIONS.** To the extent permitted by applicable law, Borrower hereby expressly waives and releases to the fullest extent permitted by law, the pleading of any statute of limitations as a defense to payment of the Debt or performance of its Other Obligations.

Section 10.5 **SURVIVAL.** The indemnifications made pursuant to Sections 9.3 herein shall continue indefinitely in full force and effect and shall survive and shall in no way be impaired by any of the following: any satisfaction or other termination of this Security Instrument, any assignment or other transfer of all or any portion of this Security Instrument or Lender's interest in the Property (but, in such case, shall benefit both Indemnified Parties and any assignee or transferee), any exercise of Lender's rights and remedies pursuant hereto including, but not limited to, foreclosure or acceptance of a deed in lieu of foreclosure, any exercise of any rights and remedies pursuant to the Loan Agreement, the Note or any of the other Loan Documents, any transfer of all or any portion of the Property (whether by Borrower or by Lender following foreclosure or acceptance of a deed in lieu of foreclosure or at any other time), any amendment to this Security Instrument, the Loan Agreement, the Note or the other Loan Documents, and any act or omission that might otherwise be construed as a release or discharge of Borrower from the obligations pursuant hereto.

Article 11 - EXCULPATION

The provisions of Section 9.3 of the Loan Agreement are hereby incorporated by reference into this Security Instrument to the same extent and with the same force as if fully set forth herein.

Article 12 - NOTICES

Section 12.1 **REFERENCES TO LENDER.** Notwithstanding anything to the contrary contained herein or in any other Loan Document, all references herein and in any other Loan Document to "Lender" shall be deemed to collectively or individually (as the context requires) refer to Lender or to Beneficiary, acting on behalf of and at the sole direction of Lender in its capacity as Lender's nominee, as each of their interest may appear; provided, that, unless Lender, in its sole discretion, shall determine otherwise, only Lender (and not Beneficiary) shall be deemed to be "Lender" with respect to (a) any consent or similar approval right granted to Lender under the Loan Documents (including, without limitation, any consent or similar approval right that is deemed granted if not approved or denied within a specified time period), (b) any items, documents or other information required to be delivered to Lender under the Loan Documents (other than notices expressly required to be sent to Beneficiary) or (c) any future funding or other obligations of Lender to Borrower or any affiliate of Borrower under the Loan Documents, if any.

Section 12.2 **FAILURE TO ACT.** Notwithstanding anything to the contrary contained herein or in any other Loan Document, the failure of Beneficiary to take any action hereunder or under any other Loan Document shall not (a) be deemed to be a waiver of any term or condition of this Security Instrument or any of the other Loan Documents, or (b) adversely affect any rights of Lender hereunder or under any other Loan Document.

Section 12.3 **NOTICES.** All notices or other written communications hereunder shall be delivered in accordance with the applicable terms and conditions of the Loan Agreement.

Notices to Beneficiary hereunder and under each other Loan Document shall include a copy thereof to Lender (to be addressed and delivered in accordance with the Loan Agreement) and shall to be sent as follows:

MERS Commercial
P.O. Box 2300
Flint, Michigan 48501-2300
Attn: Corporate Secretary

Facsimile No.: (703) 748-0183.

Article 13 - APPLICABLE LAW

Section 13.1 **GOVERNING LAW.** This security instrument shall be governed in accordance with the terms and provisions of Section 10.3 of the Loan Agreement.

Section 13.2 **USURY LAWS.** Notwithstanding anything to the contrary, (a) all agreements and communications between Borrower and Lender are hereby and shall automatically be limited so that, after taking into account all amounts deemed interest, the interest contracted for, charged or received by Lender shall never exceed the maximum lawful rate or amount, (b) in calculating whether any interest exceeds the lawful maximum, all such interest shall be amortized, prorated, allocated and spread over the full amount and term of all principal indebtedness of Borrower to Lender, and (c) if through any contingency or event, Lender receives or is deemed to receive interest in excess of the lawful maximum, any such excess shall be deemed to have been applied toward payment of the principal of any and all then outstanding indebtedness of Borrower to Lender, or if there is no such indebtedness, shall immediately be returned to Borrower.

Section 13.3 **PROVISIONS SUBJECT TO APPLICABLE LAW.** All rights, powers and remedies provided in this Security Instrument may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law and are intended to be limited to the extent necessary so that they will not render this Security Instrument invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law. If any term of this Security Instrument or any application thereof shall be invalid or unenforceable, the remainder of this Security Instrument and any other application of the term shall not be affected thereby.

Article 14 - DEFINITIONS

All capitalized terms not defined herein shall have the respective meanings set forth in the Loan Agreement. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Security Instrument may be used interchangeably in singular or plural form and the word "**Borrower**" shall mean "each Borrower and any subsequent owner or owners of the Property or any part thereof or any interest therein," the word "**Lender**" shall mean "Lender and any subsequent holder of the Note," the word "**Note**" shall mean "the Note and any other evidence of indebtedness secured by this Security Instrument," the word "**Property**" shall include any portion of the Property and any interest therein, and the phrases "**attorneys' fees**", "**legal fees**" and "**counsel fees**" shall include any and all attorneys', paralegal and law clerk fees and disbursements, including, but not limited to, fees and disbursements at the pre-trial, trial and appellate levels incurred or paid by Lender in protecting its interest in the Property, the Leases and the Rents and enforcing its rights hereunder.

Article 15 - MISCELLANEOUS PROVISIONS

Section 15.1 **NO ORAL CHANGE.** This Security Instrument, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Borrower, Lender or Beneficiary, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

Section 15.2 **SUCCESSORS AND ASSIGNS.** This Security Instrument shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and assigns forever.

Section 15.3 **INAPPLICABLE PROVISIONS.** If any term, covenant or condition of the Loan Agreement, the Note or this Security Instrument is held to be invalid, illegal or unenforceable in any respect, the Loan Agreement, the Note and this Security Instrument shall be construed without such provision.

Section 15.4 **HEADINGS, ETC.** The headings and captions of various Sections of this Security Instrument are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

Section 15.5 **NUMBER AND GENDER.** Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

Section 15.6 **SUBROGATION.** If any or all of the proceeds of the Note have been used to extinguish, extend or renew any indebtedness heretofore existing against the Property, then, to the extent of the funds so used, Lender shall be subrogated to all of the rights, claims, liens, titles, and interests existing against the Property heretofore held by, or in favor of, the holder of such indebtedness and such former rights, claims, liens, titles, and interests, if any, are not waived but rather are continued in full force and effect in favor of Lender and are merged with

the lien and security interest created herein as cumulative security for the repayment of the Debt, the performance and discharge of Borrower's obligations hereunder, under the Loan Agreement, the Note and the other Loan Documents and the performance and discharge of the Other Obligations.

Section 15.7 **ENTIRE AGREEMENT.** The Note, the Loan Agreement, this Security Instrument and the other Loan Documents constitute the entire understanding and agreement between Borrower and Lender with respect to the transactions arising in connection with the Debt and supersede all prior written or oral understandings and agreements between Borrower and Lender with respect thereto. Borrower hereby acknowledges that, except as incorporated in writing in the Note, the Loan Agreement, this Security Instrument and the other Loan Documents, there are not, and were not, and no persons are or were authorized by Lender to make, any representations, understandings, stipulations, agreements or promises, oral or written, with respect to the transaction which is the subject of the Note, the Loan Agreement, this Security Instrument and the other Loan Documents.

Section 15.8 **LIMITATION ON LENDER'S RESPONSIBILITY.** No provision of this Security Instrument shall operate to place any obligation or liability for the control, care, management or repair of the Property upon Lender or Beneficiary, nor shall it operate to make Lender or Beneficiary responsible or liable for any waste committed on the Property by the tenants or any other Person, or for any dangerous or defective condition of the Property, or for any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any tenant, licensee, employee or stranger. Nothing herein contained shall be construed as constituting Lender or Beneficiary a "mortgagee in possession."

Article 16 - DEED OF TRUST PROVISIONS

Section 16.1 **CONCERNING THE TRUSTEE.** Trustee shall be under no duty to take any action hereunder except as expressly required hereunder or by law, or to perform any act which would involve Trustee in any expense or liability or to institute or defend any suit in respect hereof, unless properly indemnified to Trustee's reasonable satisfaction. Trustee, by acceptance of this Security Instrument, covenants to perform and fulfill the trusts herein created, being liable, however, only for gross negligence or willful misconduct, and hereby waives any statutory fee and agrees to accept reasonable compensation, in lieu thereof, for any services rendered by Trustee in accordance with the terms hereof. Trustee may resign at any time upon giving thirty (30) days' notice to Borrower and to Lender. Lender may remove Trustee at any time or from time to time and select a successor trustee. In the event of the death, removal, resignation, refusal to act, or inability to act of Trustee, or in its sole discretion for any reason whatsoever Lender may, without notice and without specifying any reason therefor and without applying to any court, select and appoint a successor trustee, by an instrument recorded wherever this Security Instrument is recorded and all powers, rights, duties and authority of Trustee, as aforesaid, shall thereupon become vested in such successor. Such substitute trustee shall not be required to give bond for the faithful performance of the duties of Trustee hereunder unless required by Lender. The procedure provided for in this paragraph for substitution of Trustee shall be in addition to and not in exclusion of any other provisions for substitution, by law or

otherwise.

Section 16.2 **TRUSTEE'S FEES.** Borrower shall pay all reasonable costs, fees and expenses incurred by Trustee and Trustee's agents and counsel in connection with the performance by Trustee of Trustee's duties hereunder and all such costs, fees and expenses shall be secured by this Security Instrument.

Section 16.3 **CERTAIN RIGHTS.** With the approval of Lender, Trustee shall have the right to take any and all of the following actions: (a) to select, employ, and advise with counsel (who may be, but need not be, counsel for Lender) upon any matters arising hereunder, including the preparation, execution, and interpretation of the Note, this Security Instrument or the Other Loan Documents, and shall be fully protected in relying as to legal matters on the advice of counsel, (b) to execute any of the trusts and powers hereof and to perform any duty hereunder either directly or through his/her agents or attorneys, (c) to select and employ, in and about the execution of his/her duties hereunder, suitable accountants, engineers and other experts, agents and attorneys-in-fact, either corporate or individual, not regularly in the employ of Trustee, and Trustee shall not be answerable for any act, default, negligence, or misconduct of any such accountant, engineer or other expert, agent or attorney-in-fact, if selected with reasonable care, or for any error of judgment or act done by Trustee in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for Trustee's gross negligence or bad faith and (d) any and all other lawful action as Lender may instruct Trustee to take to protect or enforce Lender's rights hereunder. Trustee shall not be personally liable in case of entry by Trustee, or anyone entering by virtue of the powers herein granted to Trustee, upon the Property for debts contracted for or liability or damages incurred in the management or operation of the Property. Trustee shall have the right to rely on any instrument, document, or signature authorizing or supporting an action taken or proposed to be taken by Trustee hereunder, believed by Trustee in good faith to be genuine. Trustee shall be entitled to reimbursement for actual expenses incurred by Trustee in the performance of Trustee's duties hereunder and to reasonable compensation for such of Trustee's services hereunder as shall be rendered.

Section 16.4 **RETENTION OF MONEY.** All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by applicable law) and Trustee shall be under no liability for interest on any moneys received by Trustee hereunder.

Section 16.5 **PERFECTION OF APPOINTMENT.** Should any deed, conveyance, or instrument of any nature be required from Borrower by any Trustee or substitute trustee to more fully and certainly vest in and confirm to the Trustee or substitute trustee such estates rights, powers, and duties, then, upon request by the Trustee or substitute trustee, any and all such deeds, conveyances and instruments shall be made, executed, acknowledged, and delivered and shall be caused to be recorded and/or filed by Borrower.

Section 16.6 **SUCCESSION INSTRUMENTS.** Any substitute trustee appointed pursuant to any of the provisions hereof shall, without any further act, deed, or conveyance, become vested

with all the estates, properties, rights, powers, and trusts of its or his/her predecessor in the rights hereunder with like effect as if originally named as Trustee herein; but nevertheless, upon the written request of Lender or of the substitute trustee, the Trustee ceasing to act shall execute and deliver any instrument transferring to such substitute trustee, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such Trustee to the substitute trustee so appointed in the Trustee's place.

Article 17 - RESERVED.

Article 18 STATE-SPECIFIC PROVISIONS

Section 18.1 **PRINCIPLES OF CONSTRUCTION.** In the event of any inconsistencies between the terms and conditions of this Article 18 and the terms and conditions of this Security Instrument, the terms and conditions of this Article 18 shall control and be binding.

Section 18.2 **ACCELERATION/REMEDIES.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 18.2, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

Section 18.3 **POWER OF SALE.** (a) In addition to all other remedies of Lender and Trustee, upon the occurrence of any Event of Default, Lender shall have the right to have the Property sold by the Trustee pursuant to the provisions of the laws of the State of Washington then in effect with respect to foreclosure pursuant to Trustee's sale under deeds of trust or, at Lender's option, to have this Security Instrument foreclosed in judicial proceedings as a mortgage, and Lender and Trustee shall have the right to exercise all other remedies provided for herein or by law, including the Uniform Commercial Code. All rights and remedies of Lender and Trustee are cumulative. Lender and Trustee may exercise rights and remedies at such times and in such order as Lender may elect. In the exercise of rights and remedies, Property, whether real or personal, and any portions thereof, may be sold, whether at Trustee's sale or execution sale after judicial foreclosure or in any other manner permitted by law, in one parcel or several parcels as Lender may elect. If this Security Instrument is foreclosed as a mortgage in judicial proceedings, any judgment recovered, including a deficiency judgment if Lender shall be entitled to a deficiency, shall bear at the rate applicable to sums secured hereby after an Event of Default,

not to exceed, however, the highest rate permitted by applicable law. Notwithstanding the foregoing, Lender agrees not to foreclose on any fixtures, equipment or Personal Property prior to the expiration of the reinstatement period as provided in RCW § 61.24.090.

(b) If Lender invokes the power of sale, Lender shall send written notice as prescribed by applicable law to Borrower and to the other persons prescribed by applicable law of the occurrence of an event of default and of Lender's election to cause the Property to be sold. Trustee shall give notice of sale by public advertisement as Trustee deems proper and as prescribed by statute to protect the interests of Borrower and Lender. After the time required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.

(c) Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's fees and reasonable attorneys' fees, but such fees shall be limited to an amount that a judge would set as a reasonable fee in an uncontested mortgage foreclosure action; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

Section 18.4 **NO AGRICULTURAL PURPOSES.** The Property conveyed hereby is not used principally for agricultural or farming purposes.

Section 18.5 In Section 1.1(e) entitled Equipment, the text "Article 9" shall be replaced with the words "Article 9A."

Section 18.6 **USE OF PROCEEDS.** The proceeds of this Loan will be used primarily for commercial, investment or business purposes.


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.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, this Security Instrument has been executed by
Mortgagor as of the day and year first above written.

MORTGAGOR:

**COMMONWEALTH WASHINGTON
HOLDING, INC.,** a Delaware corporation

By: 
Name: **Bleeker P. Seaman III**
Title: **President**

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of

Los Angeles

SS.

On August 24, 2005 before me, Alessandra Choi, Notary Public

Date

Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared

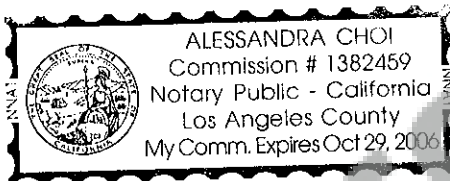
BUSKOTZ

Name(s) of Signer(s)

☒ personally known to me

☐ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

[Signature]

Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____

Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- ☐ Individual
- ☐ Corporate Officer — Title(s): _____
- ☐ Partner — ☐ Limited ☐ General
- ☐ Attorney-in-Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here

EXHIBIT A

LEGAL DESCRIPTION

Unofficial
Copy

Exhibit A

PARCEL I

Being a tract of land out of portions of Government Lots 2 and 3 in the D. Baughman Donation Land Claim and F. Iman Donation Land Claim, in Section 2, Township 2 North, Range 7 East of the Willamette Meridian, Skamania County, Washington, and being more particularly described as follows:

BEGINNING at a half inch iron rod on the West line of the Baughman Donation Land Claim, said rod being South 00°50'59" West 1935.30 feet from a brass cap marking the Northwest corner of the Baughman Donation Land Claim; thence leaving said West line North 57°31'40" West 1839.91 feet to a half inch iron pipe; thence South 59°00'19" West 396.02 feet to a 5/8 inch iron rod; thence North 78°38'44" West 97.60 feet to a 5/8 inch iron rod; thence North 35°28'44" West 122.60 feet to a 5/8 inch iron rod; thence North 59°43'41" West 216.00 feet to a 5/8 inch iron rod; thence North 65°46'40" West 919.35 feet to a 5/8 inch iron rod on the Southeasterly line of the Bonneville Power Administration right of way; thence along said right of way North 40°21'00" East 2004.39 feet to a 5/8 inch iron rod; thence leaving said right of way South 21°52'06" East 221.63 feet to a 3/4 inch iron pipe; thence South 89°53'16" East 104.76 feet to a 3/4 inch iron pipe; thence North 45°07'04" East 121.54 feet to a 5/8 inch iron rod; thence North 01°32'31" East 0.58 feet to a point; thence South 22°51'56" East 133.67 feet to a 5/8 inch iron rod; thence South 34°22'53" East 377.84 feet to a 5/8 inch iron rod; thence South 65°26'35" East 236.37 feet to a 5/8 inch iron rod; thence South 13°10'46" West 117.78 feet to a 5/8 inch iron rod; thence South 71°56'35" East 207.62 feet to a 5/8 inch iron rod; thence North 13°10'46" East 194.93 feet to a 5/8 inch iron rod; thence South 72°56'35" East 72.19 feet to a 5/8 inch iron rod; thence South 53°51'59" East 476.72 feet to a 5/8 inch iron rod; thence South 75°24'01" East 132.00 feet to a 5/8 inch iron rod; thence South 89°09'01" East 74.00 feet to a 5/8 inch iron rod; thence South 00°50'59" West 132.00 feet to a 5/8 inch iron rod; thence South 89°09'03" East 180.29 feet to a 5/8 inch iron rod on the Southwesterly right of way of Foster Creek Road (40.00 foot right of way); thence along said right of way 260.65 feet along the arc of a 224.60 foot radius curve to the left, having a central angle of 66°29'28", the chord of which bears South 44°35'53" East, a distance of 246.26 feet to a 5/8 inch iron rod; thence South 77°50'37" East 114.61 feet to a 5/8 inch iron rod; thence 159.01 feet along the arc of a 420.80 foot radius curve to the right, having a central angle of 21°39'00", the chord of which bears South 67°01'07" East, a distance of 158.06 feet to a 5/8 inch iron rod; thence South 56°11'37" East 273.36 feet to a 5/8 inch iron rod; thence leaving said right of way South 46°53'56" West 373.47 feet to a Skamania County brass cap; thence South 62°28'04" East 785.01 feet to a 5/8 inch iron rod on said right of way of Foster Creek Road; thence along said right of way 73.68 feet along the arc of a 402.00 foot radius curve to the left, having a central angle of 10°30'04", the chord of which bears South 31°18'02" East, a distance of 73.57 feet to a 5/8 inch iron rod; thence South 79°54'00" West 261.00 feet; thence North 52°53'13" West 100.00 feet; thence South 60°32'24" West 90.00 feet; thence South 19°17'10" East 195.00 feet; thence South 21°51'54" East 137.00 feet; thence South 54°56'03" East 116.00 feet; thence North 83°40'11" East 272.30 feet to a point on the Westerly right of way line of Rock Creek Drive (variable width right of way); thence along said right of way South 08°32'58" West 96.52 feet to a point that bears South 17°15'33" West 0.56 feet from a concrete right of way monument; thence 413.67 feet along the arc of a 1587.10 foot radius curve to the right, having a central angle of 14°56'02", the chord of which bears South 16°00'59" West, a distance of 412.50 feet to a 5/8 inch iron rod; thence North 66°31'00" West 20.00 feet to a 5/8 inch iron rod; thence 191.45 feet along the arc of a 1587.10 foot radius curve to the right, having a central angle of 06°59'59", a chord of which bears South 26°58'59" West, a distance of 191.33 feet to a 5/8 inch iron rod; thence South 59°31'02" East 20.00 feet to a 5/8 inch iron rod; thence 62.63 feet along the arc of a 1587.10 foot radius curve to the right, having a central angle of 02°15'40", the chord of which bears South 31°36'48" West, a distance of 62.63 feet to a 5/8 inch iron rod; thence North 56°03'57" West, 8.39 feet to a point that bears North 50°38'42" West 0.70 feet from a concrete right of way monument; thence South 33°56'03" West 208.73 feet to a point that bears South 65°29'49" East 0.58 feet from a concrete right of way monument; thence North 56°03'57" West 60.00 feet to a point that bears North 35°49'26" West 0.57 feet from a concrete right of way monument; thence South 33°56'03" West 133.77 feet to a point that bears South 78°22'11" West 1.00 feet from a concrete right of way monument; thence South 56°03'57" East 5.47 feet to a 5/8 inch iron rod, said rod also marking the intersection of Second Street extension right of way and the Westerly right of way of Malicot Road (60.00 foot right of way); thence along said Malicot

right of way South 56°27'19" West 46.44 feet to a 5/8 inch iron rod; thence 201.61 feet along the arc of a 256.70 foot radius curve to the right, having a central angle of 45°00'00", the chord of which bears South 78°57'19" West, 196.47 feet to a 5/8 inch iron rod; thence North 78°32'41" West 13.00 feet to a 5/8 inch iron rod; thence 186.92 feet along the arc of a 125.70 foot radius curve to the left, having a central angle of 85°12'00", the chord of which bears South 58°51'19" West, a distance of 170.17 feet to a 5/8 inch iron rod marking the point of compound curvature; thence 172.50 feet along the arc of a 173.40 foot radius curve to the left, having a central angle of 57°00'00", the chord of which bears South 12°14'41" East, a distance of 165.48 feet to a 5/8 inch iron rod marking the point of reverse curvature; thence 79.96 feet along the arc of a 65.70 foot radius curve to the right, having a central angle of 69°44'00", the chord of which bears South 05°52'41" East, a distance of 75.12 feet to a 5/8 inch iron rod; thence South 28°59'19" West 98.60 feet to a 5/8 inch iron rod; thence 65.70 feet along the arc of a 65.70 foot radius curve to the right, having a central angle of 57°18'00", the chord of which bears South 57°38'19" West, a distance of 63.00 feet to a 5/8 inch iron rod marking a point of reverse curvature; thence 254.56 feet along the arc of a 507.60 foot radius curve to the left, having a central angle of 28°44'00", the chord of which bears South 71°55'19" West, a distance of 251.90 feet to a 5/8 inch iron rod marking a point of reverse curvature; thence 44.84 feet along the arc of a 160.80 foot radius curve to the right, having a central angle of 15°58'38", the chord of which bears South 65°32'38" West, a distance of 44.69 feet to a half inch iron rod on the West line of said Baughman Donation Land Claim; thence leaving said Malicot Road right of way along said West line of the Baughman Donation Land Claim North 00°50'59" East, 1237.41 feet to the Point of Beginning.

TOGETHER WITH the following described property:

A tract of land located in the D. Baughman Donation Land Claim situated in Section 2, Township 2 North, Range 7 East of the Willamette Meridian, Skamania County, Washington, and being more particularly described as follows:

COMMENCING at a brass cap marking the Northwest corner of said D. Baughman Donation Land Claim; thence South 00°50'59" West, 3369.29 feet along the West line of said Baughman Donation Land Claim to the Point of Beginning and said point being on the Northerly right of way line of State Highway No. 8; thence along said Northerly right of way the following courses and distances:

North 49°20'38" East, 225.03 feet to the beginning of a 2785.00 foot radius curve to the left having a central angle of 05°28'09"; thence along said curve to the left (the long chord of which bears North 46°36'33" East, 265.74 feet) 265.84 feet; thence South 46°07'31" East, 30.00 feet to the beginning of a 2815.00 foot radius curve to the left having a central angle of 05°23'51"; thence along said curve to the left (the long chord of which bears North 41°10'33" East, 265.09 feet) 265.19 feet; thence North 38°28'38" East 337.63 feet; thence leaving said Northerly right of way North 56°03'57" West 46.84 feet to the Northerly right of way of vacated Malicot Road; thence along said Northerly right of way the following courses and distances:

Along said Malicot right of way South 56°27'19" West 46.44 feet to a 5/8 inch iron rod and the beginning of a 256.70 foot radius curve to the right having a central angle of 45°00'00"; thence along said curve to the right (the long chord of which bears South 78°57'19" West, 196.47 feet) 201.61 feet to a 5/8 inch iron rod; thence North 78°32'41" West 13.00 feet to a 5/8 inch iron rod at the beginning of a 125.70 foot radius curve to the left, having a central angle of 85°12'00"; thence along said curve to the left (the long chord of which bears South 58°51'19" West 170.17 feet) 186.92 feet to a 5/8 inch iron rod marking the point of compound curvature of a 173.40 foot radius curve to the left having a central angle of 57°00'00"; thence along said curve to the left (the long chord of which bears South 12°14'41" East, 165.48 feet) 172.50 feet to a 5/8 inch iron rod marking the point of a reverse curvature of a 65.70 foot radius curve to the right, having a central angle of 69°44'00"; thence along said curve to the right (the long chord of which bears South 05°52'41" East, 75.12 feet) 79.96 feet to a 5/8 inch iron rod; thence South 28°59'19" West 98.60 feet to a 5/8 inch iron rod at the beginning of a 65.70 foot radius curve to the right, having a central angle of 57°18'00"; thence along said curve to the right (the long chord of which bears South 57°38'19" West, 63.00 feet) 65.70 feet to a 5/8 inch iron rod at the beginning of a 507.60 foot radius of reverse curvature to the left having a central angle of 14°21'23"; thence along said curve to the left (the long chord of which bears South 79°06'37" East 126.86 feet) 127.19 feet to a point; thence leaving said Northerly right of way South 18°04'04" East 60.00 feet to a point on the Southerly right of way of said Malicot Road said point being the beginning of a 447.60 foot radius curve to the left having a central angle of 14°22'37"; thence along said Southerly

right of way (the long chord of which bears South 64°44'37" West, 112.02 feet) 112.31 feet to a point at the beginning of a 220.80 foot radius of a reverse curvature to the right having a central angle of 20°46'29"; thence along said curve to the right (the long chord of which bears South 67°56'34" West, 79.62 feet) 80.06 feet to a point on the Westerly line of said Baughman Donation Land Claim; thence South 00°50'59" West, 134.54 feet to the Point of Beginning. Also described as Parcel III in Deed recorded in Book 158, page 738.

EXCEPTING THEREFROM a tract of land located in the D. Baughman Donation Land Claim situated in Section 2, Township 2 North, Range 7 East of the Willamette Meridian, Skamania County, Washington, and being more particularly described as follows:

BEGINNING at a half inch iron rod on the West line of the Baughman Donation Land Claim, said rod being South 00°50'59" West 1935.30 feet from a brass cap marking the Northwest corner of the Baughman Donation Land Claim; thence North 70°07'20" East 232.20 feet; thence North 31°57'00" West 34.80 feet to the beginning of a 238.00 foot radius non-tangent curve to the left and the True Point of Beginning; thence along said non-tangent curve to the left 45.91 feet through a central angle of 11°03'04" (chord bears North 60°52'12" East 45.83 feet) to point of reverse curvature; thence along a 215.65 foot radius curve to the right 144.82 feet through a central angle of 38°28'36" (chord bears North 74°34'58" East 142.12 feet) to a point; thence South 86°10'44" East 90.69 feet to the beginning of a 238.00 foot radius curve to the left; thence along said curve to the left 143.26 feet through a central angle of 34°29'13" (chord bears North 76°34'39" East 141.00 feet); thence North 18°00'59" West 198.30 feet; thence North 40°31'12" West 296.43 feet; thence North 26°42'57" West 135.00 feet; thence South 73°39'53" West 126.26 feet; thence South 27°26'26" West 93.57 feet; thence South 62°33'34" East 20.86 feet; thence South 27°26'26" West 37.03 feet; thence South 00°02'58" West 93.68 feet; thence South 72°28'58" West 32.45 feet; thence South 17°31'02" East 188.85 feet; thence North 72°28'58" East 10.64 feet; thence South 17°31'02" East 71.64 feet; thence North 72°28'58" East 27.30 feet; thence South 17°31'02" East 84.14 feet; thence South 72°28'58" West 47.82 feet; thence South 17°31'02" East 46.24 feet; thence South 31°57'00" East 0.83 feet to the Point of Beginning.
Tax Account No. 02 07 02 0 0 0612 00

PARCEL II

A permanent Irrevocable easement, running with the land for the benefit of Parcel I described above, to use the surface and portion of the subsurface to a depth of 5 feet of the real property described as Parcel II attached hereto and made a part hereof, as is required solely for the continued and future operation of a golf course, and uses incidental to the operation of the Skamania Lodge, described as follows:

Being a tract of land in the D. Baughman Donation Land Claim in Section 2, Township 2 North, Range 7 East of the Willamette Meridian, Skamania County, Washington, and being more particularly described as follows:

COMMENCING at a 5/8 inch iron rod at the Southeast corner of that tract of land described in deed Book 108, page 887, Skamania County deed records, said iron rod also being on the Southerly right of way line of Foster Creek Road; thence along said right of way 73.68 feet along the arc of a 402.00 foot radius curve to the left, having a central angle of 10°30'04", the chord of which bears South 31°18'02" East, a distance of 73.57 feet to a 5/8 inch iron rod and the Point of Beginning; thence South 79°54'00" West 261.00 feet; thence North 52°53'13" West 100.00 feet; thence South 60°32'24" West 90.00 feet; thence South 19°17'10" East 195.00 feet; thence South 21°51'54" East 137.00 feet; thence South 54°56'03" East 116.00 feet; thence North 83°40'11" East 272.30 feet to a point on the Westerly right of way line of Rock Creek Road; thence along said right of way North 08°32'58" East 274.00 feet to a 5/8 inch iron rod at the intersection of said Westerly right of way and the Southerly right of way of Foster Creek Road; thence along said Southerly right of way 134.33 feet along the arc of a 402.00 foot radius curve to the right, having a central angle of 19°08'46", the chord of which bears North 46°07'27" West, a distance of 133.71 feet to a 5/8 inch iron rod; thence North 36°33'04" West 17.29 feet to the Point of Beginning.
Tax Account No. 02 07 02 0 0 0614 00

PARCEL III also known as the Meadow

TOGETHER WITH an easement (characterized as a license) for use for the benefit of visitors to or guest of the lodge as granted by that agreement recorded in Book 206, page 859, over the following described property:

A tract of land located in the D. Baughman Donation Land Claim and the F. Iman Donation Land Claim, situated in Section 2, Township 2 North, Range 7 East of the Willamette Meridian, Skamania County, Washington, and being a portion of a tract of land conveyed to Skamania County, Washington, by deed recorded in Book 27, page 39, of the Skamania County Deed Records, and being more particularly described as follows:

COMMENCING from a half inch iron rod as depicted on that certain Record of Survey recorded in Volume 3, pages 53 and 54, Survey Records, Skamania County, Washington, marking the Northeast corner of Columbia Gorge Park, recorded in Book B, page 55, Plat Records, Skamania County, Washington, said corner also being located in the line common to the D. Baughman and the F. Iman Donation Land Claims, being South 00°50'59" West 1935.30 feet from a brass cap marking the Northwest corner of said D. Baughman Donation Land Claim; thence North 70°07'20" East 232.20 feet to a point; thence North 31°57'00" West 34.60 feet to the True Point of Beginning; thence North 31°57'00" West 0.83 feet to a point; thence North 17°31'02" West 46.24 feet to a point; thence North 72°28'58" East 47.82 feet to a point; thence North 17°31'02" West 84.14 feet to a point; thence South 72°58'28" West 27.30 feet to a point; thence North 17°31'02" West 71.64 feet to a point; thence South 72°58'28" West 10.64 feet to a point; thence North 17°31'02" West 168.85 feet to a point; thence North 72°28'58" East 32.45 feet to a point; thence North 00°02'58" East 93.69 feet to a point; thence North 27°26'26" East 37.03 feet to a point; thence North 82°33'34" West 20.86 feet to a point; thence North 27°26'26" East 93.57 feet to a point; thence North 73°39'53" East 126.26 feet to a point; thence South 28°12'57" East 135.00 feet to a point; thence South 40°31'12" East 296.43 feet to a point; thence South 18°00'59" East 198.30 feet to the beginning of a 238.00 foot radius non-tangent curve to the right; thence along said non-tangent curve to the right 143.26 feet through a central angle of 34°29'13" (chord bears South 76°34'39" West 141.10 feet); thence North 86°10'44" West 90.69 feet to the beginning of a 215.65 foot radius curve to the left; thence along said curve to the left 144.82 feet through a central angle of 38°28'36" (chord bears South 74°34'58" West 142.12 feet) to a point of reverse curvature; thence along a 238.00 foot radius curve to the right 45.91 feet through a central angle of 11°03'04" (chord bears South 60°52'12" West 45.83 feet) to the True Point of Beginning.

Tax Account No. 02 07 02 0 0 3500 00

PARCEL IV

A tract of land located in the Baughman Donation Land Claim, in Section 2, Township 2 North, Range 7 East of the Willamette Meridian, Skamania County, Washington, described as follows:

BEGINNING at an iron pipe marking the intersection of the East line of the said Section 2 with the division line between the Northeasterly and Southwesterly halves of the said Baughman Donation Land Claim; thence along said division line North 64°10' West a distance of 301.32 feet to the initial point of the tract hereby described; thence North 21°08' West 308.67 feet; thence South 47°21' West 226.46 feet to intersection with the said divisions line; thence South 64°10' East along the said division line 300 feet to the initial point.

Tax Account No. 02 07 02 4 1 0800 00