

Return Address

Katten Muchin Rosenman LLP
550 South Tryon Street, Suite 2900
Charlotte, North Carolina 28202-5213
Attention: Daniel S. Huffenus, Esq.

SCR 32098

Document Title(s) (or transactions contained therein):

Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing

Reference Number(s) of Documents assigned or released:

(on page ___ of documents(s))

Grantor(s) (Last name first, then first name and initials):

Terrapins Owner LLC

3. ☐ Additional names on page ___ of document.

Grantee(s) (Last name first, then first name and initials):

UBS Real Estate Securities Inc. (Beneficiary)

First American Title Insurance Company, a California corporation (Trustee)

3. ☐ Additional names on page ___ of document.

Legal description (abbreviated: i.e. lot, block, plat or section, township, range)

Sec 2, T2N, R1E ☒ Full legal is on pages *28-34* of document.
02-07-02-00-061200

Assessor's Property Tax Parcel/Account Number *02-07-02-41-0800-00*

TERRAPINS OWNER LLC,
a Delaware limited liability company, as trustor
(Borrower)

to

FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, as trustee
(Trustee)

for the benefit of

UBS REAL ESTATE SECURITIES INC., as beneficiary
(Lender)

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

Dated: As of January 5, 2011
Location: Stevenson, Washington
County: Skamania

PREPARED BY AND UPON
RECORDATION RETURN TO:
Katten Muchin Rosenman LLP
550 South Tryon Street, Suite 2900
Charlotte, North Carolina 28202
Attention: Daniel S. Huffenus, Esq.

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

THIS DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this “**Deed of Trust**”) is made as of this 5th day of January, 2011, by **TERRAPINS OWNER LLC**, a Delaware limited liability company, having its principal place of business at c/o Pebblebrook Hotel Trust, 2 Bethesda Metro Center, Suite 1530, Bethesda, MD 20814, Attention: Raymond D. Martz, as trustor (“**Grantor**”) in favor of **FIRST AMERICAN TITLE INSURANCE COMPANY**, a California corporation, having an office at One First American Way, Santa Ana, California, 92701, as trustee (“**Trustee**”), for the benefit of **UBS REAL ESTATE SECURITIES INC.**, a Delaware corporation, having an address at 1285 Avenue of the Americas, New York, New York 10019, as beneficiary (“**Grantee**”).

WITNESSETH:

WHEREAS, this Deed of Trust is given to secure a loan (the “**Loan**”) in the principal sum of THIRTY ONE MILLION AND NO/100 DOLLARS (\$31,000,000.00) pursuant to that certain Loan Agreement and evidenced by that certain Note;

WHEREAS, Grantor desires to secure the payment of the Debt and the performance of all of its obligations under the Note, the Loan Agreement and the Loan Documents; and

WHEREAS, this Deed of Trust is given pursuant to the Loan Agreement, and payment, fulfillment, and performance by Grantor of its obligations thereunder and under the other Loan Documents are secured hereby, and each and every term and provision of the Loan Agreement and the Note, 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 Deed of Trust.

NOW THEREFORE, in consideration of the making of the Loan by Grantee and the covenants, agreements, representations and warranties set forth in this Deed of Trust:

ARTICLE 1

DEFINITIONS

Section 1.1 Definitions. As used herein, the following terms shall have the following meanings:

“Indebtedness”: The sum of all principal, interest and other amounts due from Grantor under, or secured by, the Loan Documents.

“Loan Agreement”: The Loan Agreement, dated as of the date hereof, by and between Grantee, as lender, and Grantor, as borrower, as the same may be replaced, amended, supplemented, extended or otherwise modified from time to time.

"Loan Documents": The (1) Loan Agreement, (2) that certain promissory note, dated as of the date hereof, executed by Grantor pursuant to the Loan Agreement, in the original principal amount of THIRTY ONE MILLION and NO/100 Dollars (\$31,000,000) (as the same may be amended, restated, componentized, supplemented, modified, assigned in whole or in part, replaced and/or divided into multiple notes from time to time, the "Note" or "Notes", as applicable), (3) this Deed of Trust, (4) all other documents now or hereafter executed by Grantor or any other person or entity to evidence or secure the payment of the Indebtedness, and (5) all modifications, restatements, extensions, renewals and replacements of the foregoing.

"Obligations": All of the agreements, covenants, conditions, warranties, representations and other obligations (other than to repay the Indebtedness) made or undertaken by Grantor under the Loan Documents.

"Property": All of the following, or any interest therein (whether now owned or hereafter acquired):

(1) Grantor's interest in the real property described in Exhibit A attached hereto and made a part hereof, together with any greater estate therein as hereafter may be acquired by Grantor (the "Land"),

(2) all buildings, structures and other improvements, now or at any time situated, placed or constructed upon the Land (the "Improvements"),

(3) all right, title and interest of Grantor in and to all materials, machinery, supplies, equipment, fixtures, apparatus and other items of personal property now owned or hereafter acquired by Grantor and now or hereafter attached to, installed in or used in connection with any of the Improvements or the Land, including any and all partitions, dynamos, window screens and shades, drapes, rugs and other floor coverings, awnings, motors, engines, boilers, furnaces, pipes, plumbing, cleaning, call and sprinkler systems, fire extinguishing apparatus and equipment, water tanks, swimming pools, heating, ventilating, plumbing, lighting, communications and elevator fixtures, laundry, incinerating, air conditioning and air cooling equipment and systems, gas and electric machinery and equipment, disposals, dishwashers, furniture, refrigerators and ranges, securities systems, art work, recreational and pool equipment and facilities of all kinds, water, gas, electrical, storm and sanitary sewer facilities of all kinds, and all other utilities whether or not situated in easements together with all accessions, replacements, betterments and substitutions for any of the foregoing (the "Fixtures"),

(4) all right, title and interest of Grantor in and to all goods, accounts, general intangibles, instruments, documents, accounts receivable, chattel paper, investment property, securities accounts and all other personal property of any kind or character, including such items of personal property as defined in the UCC, now owned or hereafter acquired by Grantor and now or hereafter affixed to, placed upon, used in connection with, arising from or otherwise related to the Land and/or the Improvements or that may be used in or relating to the planning, development, financing or operation of the Land

and/or the Improvements, including furniture, furnishings, equipment, machinery, money, insurance proceeds, condemnation awards, accounts, contract rights, trademarks, goodwill, chattel paper, documents, trade names, licenses and/or franchise agreements, rights of Grantor under leases of Fixtures or other personal property or equipment, inventory, all refundable, returnable or reimbursable fees, deposits or other funds or evidences of credit or indebtedness deposited by or on behalf of Grantor with any governmental authorities, boards, corporations, providers of utility services, public or private, including specifically, but without limitation, all refundable, returnable or reimbursable tap fees, utility deposits, commitment fees and development costs and all refunds, rebates or credits in connection with a reduction in real estate taxes and assessments against the Land and/or Improvements as a result of tax certiorari or any applications or proceedings for reduction (the "Personalty"),

(5) all reserves, escrows or impounds required under the Loan Agreement and all deposit accounts (including tenant's security and cleaning deposits and deposits with respect to utility services) maintained by or on behalf of Grantor with respect to the Land and/or Improvements,

(6) all right, title and interest of Grantor in and to all plans, specifications, shop drawings and other technical descriptions prepared for construction, repair or alteration of the Improvements, and all amendments and modifications thereof (together with any and all modifications, renewals, extensions and substitutions of the foregoing, the "Plans"),

(7) subject to the rights of Grantor hereunder under the Loan Agreement, all leasehold estates, leases, subleases, sub-subleases, licenses, concessions, occupancy agreements or other agreements (written or oral, now or at any time in effect and every modification, amendment or other agreement relating thereto, including every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the other party thereto) that grant a possessory interest in, or the right to use or occupy, all or any part of the Land and/or Improvements, together with all related security and other deposits (together with any and all modifications, renewals, extensions and substitutions of the foregoing, the "Leases"),

(8) subject to the rights of Grantor under the Loan Agreement, all right, title and interest of Grantor in and to all of the rents, revenues, income, proceeds, issues, profits (including all oil or gas or other mineral royalties and bonuses), security and other types of deposits, and other benefits paid or payable and to become due or payable by parties to the Leases other than Grantor for using, leasing, licensing, possessing, occupying, operating from, residing in, selling or otherwise enjoying any portion or portions of the Land and/or Improvements (the "Rents"),

(9) all right, title and interest of Grantor in and to all other contracts and agreements in any way relating to, executed in connection with, or used in, the development, construction, use, occupancy, operation, maintenance, enjoyment,

acquisition, management or ownership of the Land and/or Improvements or the sale of goods or services produced in or relating to the Land and/or Improvements (together with any and all modifications, renewals, extensions and substitutions of the foregoing, the "Property Agreements"), including all right, title and interest of Grantor in, to and under (a) all construction contracts, architects' agreements, engineers' contracts, utility contracts, letters of credit, escrow agreements, maintenance agreements, management, leasing and related agreements, parking agreements, equipment leases, service contracts, operating leases, catering and restaurant leases and agreements, agreements for the sale, lease or exchange of goods or other property, agreements for the performance of services, permits, variances, licenses, certificates and entitlements, (b) all material agreements and instruments under which Grantor or any of its affiliates or the seller of the Property have remaining rights or obligations in respect of Grantor's acquisition of the Property or equity interests therein, (c) applicable business licenses, variances, entitlements, certificates, state health department licenses, liquor licenses, food service licenses, licenses to conduct business, certificates of need and all other permits, licenses and rights obtained from any Governmental Authority or private Person, (d) all rights of Grantor to receive monies due and to become due under or pursuant to the Property Agreements, (e) all claims of Grantor for damages arising out of or for breach of or default under the Property Agreements, (f) all rights of Grantor to terminate, amend, supplement, modify or waive performance under the Property Agreements, to compel performance and otherwise to exercise all remedies thereunder, and, with respect to Property Agreements that are letters of credit, to make any draws thereon, (g) the Operating Lease, (h) to the extent not included in the foregoing, all cash and non-cash proceeds, products, offspring, rents, revenues, issues, profits, royalties, income, benefits, additions, renewals, extensions, substitutions, replacements and accessions of and to any and all of the foregoing,

(10) all right, title and interest of Grantor in and to all rights, privileges, titles, interests, liberties, tenements, hereditaments, rights-of-way, easements, sewer rights, water, water courses, water rights and powers, air rights and development rights, licenses, permits and construction and equipment warranties, appendages and appurtenances appertaining to the foregoing, and all right, title and interest, if any, of Grantor in and to any streets, ways, alleys, underground vaults, passages, strips or gores of land adjoining the Land or any part thereof,

(11) all accessions, replacements, renewals, additions and substitutions for any of the foregoing and all proceeds thereof,

(12) subject to the rights of Grantor hereunder, all insurance policies, unearned premiums therefor and proceeds from such policies, including the right to receive and apply the proceeds of any insurance, judgments or settlements made in lieu thereof, covering any of the above property now or hereafter acquired by Grantor,

(13) all right, title and interest of Grantor in and to all mineral, riparian, littoral, water, oil and gas rights now or hereafter acquired and relating to all or any part of the Land and/or Improvements,

(14) all of Grantor's right, title and interest in and to any awards, remunerations, reimbursements, settlements or compensation heretofore made or hereafter to be made by any Governmental Authority pertaining to the Land, Improvements, Fixtures or Personalty, and

(16) all after acquired title to or remainder or reversion in any of the property (or any portion thereof) described herein.

"Trustee" shall mean the Trustee named above and any substitute Trustee of the estates, properties, powers, trusts and rights conferred upon Trustee pursuant to this Deed of Trust.

"UCC" means the Uniform Commercial Code (or any similar or equivalent legislation) as in effect in the jurisdiction in which the Land is located.

Capitalized terms used herein but not otherwise defined shall have the respective meanings ascribed to such terms in the Loan Agreement.

ARTICLE 2

HABENDUM

Section 2.1 Grant. Grantor does hereby irrevocably mortgage, grant, bargain, sell, pledge, assign, warrant (subject only to Permitted Encumbrances), transfer and convey to Trustee and its successors in trust, WITH POWER OF SALE, and grant a security interest to Trustee and its successors in trust, in each case for the benefit of Grantee, in the Property, and Grantor does hereby bind itself, its heirs, successors and assigns to WARRANT AND FOREVER DEFEND (i) the title to the Property unto Grantee and its heirs, successors and assigns, subject only to Permitted Encumbrances and (ii) the validity and priority of the Liens of this Deed of Trust, subject only to Permitted Encumbrances, in each case against the claims of all Persons whomsoever.

Section 2.2 Fixture Filing. To the extent permitted under applicable law, this Deed of Trust shall be deemed to be a "security agreement" (as defined in the aforesaid Uniform Commercial Code) and a fixture filing pursuant to RCW 62A.9A-334.

ARTICLE 3

DEFAULT AND FORECLOSURE

Section 3.1 Remedies. If an Event of Default is continuing, Grantee may, or acting through Trustee may, at Grantee's election, take such action permitted at law or in equity, without notice or demand (except as explicitly provided in the Loan Agreement), as it deems

advisable to protect and enforce its rights against Grantor and to the Property, including but not limited to, any or all of the following rights, remedies and recourses each of which may be pursued concurrently or otherwise, at such time and in such order as Grantee may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Grantee or Trustee:

(a) Acceleration. Declare the Indebtedness to be immediately due and payable, without further notice, presentment, protest, notice of intent to accelerate, notice of acceleration, demand or action of any nature whatsoever (each of which hereby is expressly waived by Grantor (except as provided in the Loan Agreement)), whereupon the same shall become immediately due and payable by Grantor.

(b) Entry on Property. Enter the Property and take exclusive possession thereof and of all books, records and accounts relating thereto. If Grantor remains in possession of the Property after the occurrence and during the continuation of an Event of Default and without Grantee's prior written consent, Grantee may invoke any legal remedies to dispossess Grantor.

(c) Operation of Property. Whether or not a receiver has been appointed pursuant to Section 3.1(e) hereof, hold, lease, develop, manage, operate, control and otherwise use the Property upon such terms and conditions as Grantee may deem reasonable under the circumstances (making such repairs, alterations, additions and improvements and taking other actions, from time to time, as Grantee deems reasonably necessary or desirable), exercise all rights and powers of Grantor with respect to the Property, whether in the name of Grantor or otherwise, including the right to make, cancel, enforce or modify leases, obtain and evict tenants, and demand, sue for, collect and receive all Rents, and apply all Rents and other amounts collected by Grantee in connection therewith in accordance with the provisions of Section 3.7 hereof.

(d) Foreclosure and Sale. (i) Institute proceedings for the complete or partial foreclosure of this Deed of Trust, either by judicial action or by exercise of the STATUTORY POWER OF SALE or otherwise, in which case the Property may be sold for cash or credit in one or more parcels or in several interests or portions and in any order or manner.

(ii) With respect to any notices required or permitted under the UCC, Grantor agrees that ten (10) Business Days' prior written notice shall be deemed commercially reasonable. At any such sale by virtue of any judicial proceedings or any other legal right, remedy or recourse including power of sale, the title to and right of possession of any such property shall pass to the purchaser thereof, and to the fullest extent permitted by law, Grantor shall be completely and irrevocably divested of all of its respective right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the property sold and such sale shall be a perpetual bar both at law and in equity against Grantor, and against all other persons claiming or to claim the property sold or any part thereof, by, through or under Grantor. Grantee may be a purchaser at such sale and if Grantee is the highest bidder, may credit the portion of the purchase price that would be distributed to Grantee against the Indebtedness in lieu of paying cash.

(e) Receiver. Prior to, concurrently with, or subsequent to the institution of foreclosure proceedings, make application to a court of competent jurisdiction for, and (to the extent permitted by applicable law) obtain from such court as a matter of strict right and without notice to Grantor or anyone claiming under Grantor or regard to the value of the Property or the solvency or insolvency of Grantor or the adequacy of any collateral for the repayment of the Indebtedness or the interest of Grantor therein, the appointment of a receiver or receivers of the Property, and Grantor irrevocably consents to such appointment. Any such receiver or receivers shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Property upon such terms as may be approved by the court, and shall apply such Rents in accordance with the provisions of Section 3.7 hereof.

(f) Other. Exercise all other rights, remedies and recourses granted under the Loan Documents or otherwise available at law or in equity (including an action for specific performance of any covenant contained in the Loan Documents, or a judgment on the Note either before, during or after any proceeding to enforce this Deed of Trust).

(g) Liquor Licenses. Grantor shall, or shall cause Operating Lessee and/or Approved Property Manager to cooperate with Grantee to (i) facilitate the orderly transfer (to the fullest extent permitted by applicable laws) to Grantee or its designee of all liquor license permits in respect of the Property and (ii) enable the continued provision of alcoholic beverages and operation of liquor services at the Property without interruption, in each case, until such time as Grantee or its designee shall have obtained such Permits. If any other party is the holder of the liquor license permits in respect of the Property, either as of the date hereof or subsequent to the date hereof, Grantor shall cause such party to deliver to Grantee in writing an agreement to abide by the foregoing.

Section 3.2 Separate Sales. The Property may be sold in one or more parcels and in such manner and order as Grantee in its sole discretion, may elect, subject to applicable law; the right of sale arising out of any Event of Default shall not be exhausted by any one or more sales.

Section 3.3 Remedies Cumulative, Concurrent and Nonexclusive. Grantee and Trustee shall have all rights, remedies and recourses granted in the Loan Documents and available at law or equity (including the UCC), which rights (a) shall be cumulative and concurrent and shall be in addition to every other remedy so provided or permitted, (b) may be pursued separately, successively or concurrently against Grantor or the Property, or against any one or more of them, at the sole discretion of Grantee, (c) may be exercised as often as occasion therefor shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive. No action by Grantee or Trustee in the enforcement of any rights, remedies or recourses under the Loan Documents or otherwise at law or equity shall be deemed to cure any Event of Default.

Section 3.4 Release of and Resort to Collateral. Grantee may release, regardless of consideration and without the necessity for any notice to or consent by the holder of any subordinate lien on the Property, any part of the Property without, as to the remainder, in any

way impairing, affecting, subordinating or releasing the lien, security title or security interests created in or evidenced by the Loan Documents or their stature as a first and prior lien, security title and security interest in and to the Property. For payment of the Indebtedness, Grantee may resort to any other security in such order and manner as Grantee may elect.

Section 3.5 Waiver of Redemption, Notice and Marshaling of Assets. To the fullest extent permitted by law, Grantor hereby irrevocably and unconditionally waives and releases (a) all benefit that might accrue to Grantor by virtue of any present or future statute of limitations or "moratorium law" or other law or judicial decision exempting the Property or any part thereof, or any part of the proceeds arising from any sale of any such property, from attachment, levy or sale on execution or providing for any appraisal, valuation, stay of execution, exemption from civil process, redemption reinstatement (to the extent permitted by law) or extension of time for payment, (b) any right to a marshaling of assets or a sale in inverse order of alienation, and (c) any and all rights it may have to require that the Property be sold as separate tracts or units in the event of foreclosure.

Section 3.6 Discontinuance of Proceedings. If Grantee shall have proceeded to invoke any right, remedy or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon it for any reason, Grantee shall have the unqualified right to do so and, in such an event, Grantor and Grantee shall be restored to their former positions with respect to the Indebtedness, the Obligations, the Loan Documents, the Property and otherwise, and the rights, remedies, recourses and powers of Grantee shall continue as if the right, remedy or recourse had never been invoked, but no such discontinuance or abandonment shall waive any Event of Default that may then exist or the right of Grantee thereafter to exercise any right, remedy or recourse under the Loan Documents for such Event of Default.

Section 3.7 Application of Proceeds. Except as otherwise provided in the Loan Documents and unless otherwise required by applicable law, the proceeds of any sale of, and the Rents and other amounts generated by the holding, leasing, management, operation or other use of the Property, shall be applied by Grantee (or the receiver, if one is appointed) in the following order or in such other order as Grantee shall determine in its sole discretion:

(a) to the payment of the reasonable costs and expenses of taking possession of the Property and of holding, using, leasing, repairing, improving and selling the same, including (1) receiver's fees and expenses, (2) court costs, (3) reasonable attorneys', accountants', appraisers', environmental consultants', engineers' and other experts' fees and expenses, (4) costs of advertisement, (5) costs of procuring title searches, title policies and similar data and assurance with respect to title, and (6) the payment of all applicable transfer taxes and mortgage recording taxes;

(b) to the payment of all amounts, other than the unpaid principal balance of the Notes and accrued but unpaid interest, which may be due under the Loan Documents;

(c) to the payment of the Indebtedness and performance of the Obligations in such manner and order of preference as Grantee in its sole discretion may determine; and

(d) the balance, if any, to the payment of the Persons legally entitled thereto.

If Grantee or Trustee shall be ordered, in connection with any bankruptcy, insolvency or reorganization of Grantor, to restore or repay to or for the account of Grantor or its creditors any amount theretofore received under this Section 3.7, the amount of such restoration or repayment shall be deemed to be a part of the Indebtedness so as to place Grantee in the same position it would have been in had such amount never been received by Grantee.

Section 3.8 Occupancy After Foreclosure. The purchaser at any foreclosure sale pursuant to Section 3.1(d) shall become the legal owner of the Property. All occupants of the Property shall, at the option of such purchaser, become tenants of the purchaser at the foreclosure sale and shall deliver possession thereof immediately to the purchaser upon demand. It shall not be necessary for the purchaser at said sale to bring any action for possession of the Property other than the statutory action of forcible detainer in any justice court having jurisdiction over the Property.

Section 3.9 Additional Advances and Disbursements; Costs of Enforcement. If any Event of Default is continuing, Grantee shall have the right, but not the obligation, to cure such Event of Default in the name and on behalf of Grantor. All sums advanced and expenses incurred at any time by Grantee under this Section 3.9, or otherwise under this Deed of Trust or any of the other Loan Documents or applicable law, shall bear interest from the date that such sum is advanced or expense incurred, to and including the date of reimbursement, computed at the Default Rate, and all such sums, together with interest thereon, shall constitute additions to the Indebtedness and shall be secured by this Deed of Trust and Grantor covenants and agrees to pay them to the order of Grantee promptly upon demand.

Section 3.10 No Grantee in Possession. Neither the enforcement of any of the remedies under this Article 3, the assignment of the Rents and Leases under Article 4, the collateral assignment of the Property Agreements under Article 5, the security interests under Article 6, nor any other remedies afforded to Grantee under the Loan Documents, at law or in equity shall cause Grantee to be deemed or construed to be a mortgagee in possession of the Property, to obligate Grantee to lease the Property or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise. Grantor shall, and hereby agrees to indemnify Grantee for, and to hold Grantee harmless from and against, any and all claims, liability, expenses, losses or damages that may or might be asserted against or incurred by Grantee, as the case may be, solely by reason of Grantee's status as an assignee pursuant to the assignment of Rents and Leases contained herein, but excluding any claim to the extent of Grantee's gross negligence or willful misconduct. Should Grantee incur any such claim, liability, expense, loss or damage, the amount thereof, including all actual expenses and reasonable fees of attorneys, shall constitute Indebtedness secured hereby, and Grantor shall reimburse Grantee, as the case may be, therefor immediately upon demand.

ARTICLE 4

ASSIGNMENT OF RENTS AND LEASES

Section 4.1 Assignment. Grantor does hereby presently, absolutely and unconditionally assign to Grantee and Trustee, Grantor's right, title and interest in all current and future Leases and the absolute, unconditional and continuing right to receive and collect all Rents, it being intended by Grantor that this assignment constitutes a present, outright, immediate, continuing and absolute assignment and not an assignment for additional security only. Such assignment to Grantee shall not be construed to bind Grantee to the performance of any of the covenants, conditions or provisions contained in any such Lease or otherwise impose any obligation upon Grantee. Grantee shall have no responsibility on account of this assignment for the control, care, maintenance, management or repair of the Property, for any dangerous or defective condition of the Property, or for any negligence in the management, upkeep, repair or control of the Property. Grantor agrees to execute and deliver to Grantee such additional instruments, in form and substance satisfactory to Grantee, as may hereafter be requested by Grantee to further evidence and confirm such assignment.

Section 4.2 License. Notwithstanding that Grantor hereby presently grants to Grantee and Trustee an outright, immediate, continuing and absolute assignment of the Rents and Leases and not merely the collateral assignment of, or the grant of a lien, security title or security interest in, the Rents and Leases, Grantee hereby grants Grantor and its successors and not to any tenant or any other person, a revocable license to, or to cause Operating Lessee to, collect and receive the Rents and to retain, use and/or enjoy the same and otherwise exercise all rights as landlord under any Lease, in each case subject to the terms hereof and of the Loan Agreement. Upon the occurrence and during the continuance of any Event of Default, (i) the license granted herein to Grantor shall immediately and automatically cease and terminate and shall be void and of no further force or effect, (ii) Grantee shall immediately be entitled to possession of all Rents (whether or not Grantee enters upon or takes control of the Property) and (iii) at the request of Grantee, Grantor shall, or shall cause Operating Lessee to, notify in writing all tenants and subtenants under any of the Leases that all Rents due thereunder should be paid to Grantee at its address set forth in the Loan Agreement, or at such other place as Grantee shall notify Grantor in writing; provided that, if such Event of Default ceases to exist, the license described in the foregoing clause (i) shall automatically be reinstated. Notwithstanding said license, Grantor agrees that Grantee, and not Grantor, shall be deemed to be the creditor of each tenant or subtenant under any Lease in respect to assignments for the benefit of creditors and bankruptcy, reorganization, insolvency, dissolution or receivership proceedings affecting such tenant or subtenant (without obligation on the part of Grantee, however, to file or make timely filings of claims in such proceedings or otherwise to pursue creditors' rights therein), with an option to apply in accordance with the Loan Documents any money received from such tenant or subtenant in reduction of any amounts due under the Loan Documents. Upon the occurrence and during the continuance of an Event of Default, any portion of the Rents held by Grantor shall be held in trust for the benefit of Grantee for use in the payment of the Indebtedness.

Section 4.3 Certain Rights of Grantee. Subject to the revocable license granted above, upon the occurrence and during the continuance of an Event of Default, Grantee and Trustee shall have the immediate and continuing right, power and authority, either in person or by agent, without bringing any action or proceeding, or by a receiver appointed by a court, without the necessity of taking possession of the Property in its own name, and without the need for any other authorization or action by Grantor or Grantee, in addition to and without limiting any of Grantee's rights and remedies hereunder, under the Loan Agreement and any other Loan Documents and as otherwise available at law or in equity, (a) to notify any tenant or other person that the Leases have been assigned to Grantee and that all Rents are to be paid directly to Grantee, whether or not Grantee has commenced or completed foreclosure or taken possession of the Property; (b) to settle, compromise, release, extend the time of payment of, and make allowances, adjustments and discounts of any Rents or other obligations in, to and under the Leases; (c) to demand, sue for, collect, receive and enforce payment of Rents, including those past-due and unpaid and other rights under the Leases, prosecute any action or proceeding, and defend against any claim with respect to the Rents and Leases; (d) to enter upon, take possession of and operate the Property whether or not any complete or partial foreclosure under this Deed of Trust has been instituted and without applying for a receiver; (e) to lease all or any part of the Property; and/or (f) to perform any and all obligations of Grantor under the Leases and exercise any and all rights of Grantor therein contained to the full extent of Grantor's rights and obligations thereunder.

Section 4.4 Irrevocable Instructions to Tenants. At Grantee's request, Grantor shall deliver, or cause to be delivered, a copy of this Deed of Trust to each tenant under a Lease and to each manager and managing agent or operator of the Property, and Grantee shall have the continuing right to do so. Grantor irrevocably directs, or shall cause Operating Lessee to direct, any tenant, manager, managing agent, or operator of the Property, without any requirement for notice to or consent by Grantor or any other Person, to comply with all demands of Grantee under this Article 4 and to turn over to Grantee on demand all Rents that it receives. Grantor hereby acknowledges and agrees that payment of any Rents by a Person to Grantee as hereinabove provided shall constitute payment by such person, as fully and with the same effect as if such Rents had been paid to Grantor or Operating Lessee, as applicable. Grantee is hereby granted and assigned by Grantor, the right, at its option, upon revocation of the license granted herein, upon an Event of Default that is continuing, to enter upon the Property in person or by agent, without bringing any action or proceeding, or by court-appointed receiver to collect the Rents. Any Rents collected after the revocation of the license shall be applied in accordance with the provisions of the Loan Agreement. Neither the enforcement of any of the remedies under this Article 4 nor any other remedies or security interests afforded to Grantee under the Loan Documents, at law or in equity shall cause Grantee to be deemed or construed to be a mortgagee in possession of the Property, to obligate Grantee to lease the Property or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise. Grantor shall, and hereby agrees to indemnify Grantee for, and to hold Grantee harmless from and against, any and all claims, liability, expenses, losses or damages that may or might be asserted against or incurred by Grantee solely by reason of Grantee's status as an assignee pursuant to the assignment of Rents

and Leases contained herein, but excluding any claim to the extent caused by Grantee's gross negligence or willful misconduct. Should Grantee incur any such claim, liability, expense, loss or damage, the amount thereof, including all actual expenses and reasonable fees of attorneys, shall constitute Indebtedness secured hereby, and Grantor shall reimburse Grantee therefor within 10 Business Days after demand.

Section 4.5 Unilateral Subordination. Grantee may, at any time and from time to time by specific written instrument intended for the purpose, unilaterally subordinate the lien of this Deed of Trust to any Lease, without joinder or consent of, or notice to, Grantor, any tenant or any other person, and notice is hereby given to each tenant under a Lease of such right to subordinate. No such subordination shall constitute a subordination to any lien or other encumbrance, whenever arising, or improve the right of any junior lienholder; and nothing herein shall be construed as subordinating this Deed of Trust to any Lease.

ARTICLE 5

COLLATERAL ASSIGNMENT OF PROPERTY AGREEMENTS

Section 5.1 Collateral Assignment. Grantor does hereby collaterally assign and pledge to Grantee and Trustee, Grantor's right, title and interest in, to and under all current and future Property Agreements. Such collateral assignment to Grantee and Trustee shall not be construed to bind Grantee nor Trustee to the performance of any of the covenants, conditions or provisions contained in any such Property Agreement or otherwise impose any obligation upon Grantee or Trustee. Grantor agrees to execute and deliver to Grantee and Trustee such additional instruments, in form and substance satisfactory to Grantee, as may hereafter be requested by Grantee or Trustee to further evidence and confirm such collateral assignment.

Section 5.2 Retained Rights of Grantor. Subject to the other provisions of this Article 5 and the provisions of the other Loan Documents, for so long as no Event of Default shall have occurred and be continuing, Grantor may exercise all of its rights and privileges under the Property Agreements and shall have the exclusive right and authority to deal with, enjoy the benefit under, grant any consents and approvals under, and amend, modify or terminate, such Property Agreements, collect, receive and retain for its own benefit all monies due or to become due under such Property Agreements, sue and enforce all claims of Grantor for damages arising under such Property Agreements, and retain for its own benefit all items described in clause (d) of paragraph (9) of the definition of "Property" above, if and to the extent not prohibited by the Loan Agreement or the other Loan Documents. Upon the occurrence and during the continuance of any Event of Default, the rights of Grantor described in this Section 5.2 shall immediately and automatically cease and terminate and shall be void and of no further force or effect. Upon the occurrence and during the continuance of an Event of Default, any amounts held by Grantor as a party to the Property Agreements shall be held in trust for the benefit of Grantee for use in the payment of the Indebtedness.

Section 5.3 Exercise of Assigned Rights. Grantor hereby irrevocably directs the grantor or licensor of, or the contracting party to, any Property Agreement, upon demand from Grantee,

to recognize and accept Grantee as the party to such Property Agreement for any and all purposes as fully as it would recognize and accept Grantor and the performance of Grantor thereunder; provided, that Grantee hereby covenants to Grantor that it will not make such demand except upon the occurrence and during the continuance of an Event of Default. Upon the occurrence, and during the continuance, of an Event of Default, without further notice or demand and at Grantor's sole cost and expense, Grantee shall be entitled to exercise all rights of Grantor arising under the Property Agreements. Grantor hereby acknowledges and agrees that payment of any amounts owing under any Property Agreement by a person to Grantee as hereinabove provided shall constitute payment by such person, as fully and with the same effect as if such amounts had been paid to Grantor. Any amounts collected after the occurrence and during the continuance of an Event of Default shall be applied in accordance with the provisions of the Loan Agreement. At Grantee's request, Grantor shall deliver a copy of this Deed of Trust to each grantor or licensor of or the contracting party to a Property Agreement, and Grantee shall have the continuing right to do so.

Section 5.4 Indemnity. Grantor shall, and hereby agrees to indemnify Grantee for, and to hold Grantee harmless from and against, any and all claims, liability, expenses, losses or damages that may or might be asserted against or incurred by Grantee solely by reason of Grantee's status as an assignee pursuant to the collateral assignment of Property Agreements contained herein, but excluding any claim to the extent caused by Grantee's gross negligence or willful misconduct. Should Grantee incur any such claim, liability, expense, loss or damage, the amount thereof, including all actual expenses and reasonable fees of attorneys, shall constitute Indebtedness secured hereby, and Grantor shall reimburse Grantee therefor within 10 Business Days after demand.

Section 5.5 Property Agreement Covenants. (a) Grantor shall perform and observe, in a timely manner, all of the covenants, conditions, obligations and agreements of Grantor under the Property Agreements and shall suffer or permit no delinquency on its part to exist thereunder if such action is prohibited by the Loan Agreement, or would have a Material Adverse Effect.

(b) Grantor shall not (i) sell, assign, transfer, mortgage or pledge any Property Agreement or any such right or interest under any Property Agreement, or (ii) cancel, terminate, amend, supplement or modify any Property Agreement, in either case, if such action is prohibited by the Loan Agreement or would have a Material Adverse Effect.

(c) Grantor shall exercise all reasonable efforts to enforce or secure the performance of each and every obligation, covenant, condition and agreement to be performed by the franchisor, manager, licensor, grantor or other contracting party under the Property Agreements, if the failure to take such action would have a Material Adverse Effect.

ARTICLE 6

SECURITY AGREEMENT

Section 6.1 Security Interest. This Deed of Trust constitutes both a real property mortgage and a "Security Agreement" on personal property within the meaning of the UCC and other applicable law and with respect to the Personalty, Fixtures, Plans, Leases, Rents and Property Agreements (said portion of the Property subject to the UCC, the "Collateral"). The Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Grantor, as debtor, in the Property, including, for the avoidance of doubt, all rights of Grantor, as debtor, in and to the personal property of Operating Lessee, as set forth in the Pledge Agreement. Grantor, as debtor, by executing and delivering this Deed of Trust, hereby grants to Grantee, as secured party, as secured party and Trustee, a first and prior security interest in the Personalty, Fixtures, Plans, Leases, Rents and Property Agreements and all other Property that is personal property to secure the payment of the Indebtedness and performance of the Obligations, and agrees that Grantee, as secured party shall have all the rights and remedies of a secured party under the UCC with respect to such property including, without limiting the generality of the foregoing, the right to take possession of the Collateral or any part thereof, and to take such other measures as Grantee, as secured party may deem necessary for the care, protection and preservation of the Collateral. Upon request or demand of Grantee, as secured party, Grantor, as debtor, shall at its expense assemble the Collateral and make it available to Grantee, as secured party at the Property. Grantor, as debtor, shall pay to Grantee, as secured party, having an address at 1285 Avenue of the Americas, New York, New York 10019, on demand any and all expenses, including actual reasonable legal expenses and attorneys' fees, incurred or paid by Grantee, as secured party in protecting the interest in the Collateral and in enforcing the rights hereunder with respect to the Collateral. Any notice of sale, disposition or other intended action by Grantee, as secured party with respect to the Collateral sent to Grantor, as debtor, in accordance with the provisions hereof at least ten (10) Business Days prior to such action, shall constitute commercially reasonable notice to Grantor, as debtor. The proceeds of any disposition of the Collateral, or any part thereof, shall, except as otherwise required by law, be applied by Grantee, as secured party in accordance with Section 3.7 hereof.

Section 6.2 Further Assurances. Grantor shall execute and deliver to Grantee and Trustee and/or file, in form and substance satisfactory to Grantee, such further statements, documents and agreements, financing statements, continuation statements, and such further assurances and instruments, and do such further acts, as Grantee may, from time to time, reasonably consider necessary, desirable or proper to create, perfect and preserve Grantee's or Trustee's security interest hereunder and to carry out more effectively the purposes of this Deed of Trust, and Grantee may cause such statements and assurances to be recorded and filed, at such times and places as may be required or permitted by law to so create, perfect and preserve such security interest; provided that such further statements, documents, agreements, assurances, instruments and acts do not increase the liability or obligations or decrease the rights of Grantor from those provided for in the Loan Documents. As of the date hereof, Grantor's chief executive

office and principal place of business is at the respective address set forth in the first paragraph of this Deed of Trust, and each shall promptly notify Grantee of any change in such address.

ARTICLE 7

MISCELLANEOUS

Section 7.1 Notices. Any notice required or permitted to be given under this Deed of Trust shall be given in the manner described in the Loan Agreement.

Section 7.2 Covenant Running with the Land. All representations, warranties, covenants and Obligations contained in the Loan Agreement are incorporated herein by this reference and, to the extent relating to the Property, are intended by the parties to be, and shall be construed as, covenants running with the land. All persons or entities who may have or acquire an interest in the Property shall be deemed to have notice of, and be bound by, the terms of the Loan Agreement and the other Loan Documents; however, no such party shall be entitled to any rights thereunder without the prior written consent of Grantee.

Section 7.3 Attorney-in-Fact. Grantor hereby irrevocably appoints Grantee and its successors and assigns, as its attorney-in-fact, which appointment is irrevocable and coupled with an interest, after the occurrence and during the continuance of an Event of Default (a) to execute and/or record any notices of completion, cessation of labor or any other notices that Grantee deems appropriate to protect Grantee's interest, if Grantor shall fail to do so within 10 days after written request by Grantee, (b) upon the issuance of a deed or assignment of lease pursuant to the foreclosure of this Deed of Trust or the delivery of a deed or assignment of lease in lieu of foreclosure, to execute all instruments of assignment, conveyance or further assurance with respect to the Leases, Rents, Personalty, Fixtures, Plans and Property Agreements in favor of the grantee of any such deed or the assignee of any such assignment of lease and as may be necessary or desirable for such purpose, (c) to prepare, execute and file or record financing statements, continuation statements, applications for registration and like papers necessary to create, perfect or preserve Grantee's security interests and rights in or to any of the Collateral, and (d) while any Event of Default is continuing, to perform any obligation of Grantor hereunder; however: (1) Grantee shall not under any circumstances be obligated to perform any obligation of Grantor; (2) any sums advanced by Grantee in such performance shall be included in the Indebtedness and shall bear interest at the Default Rate; (3) Grantee as such attorney-in-fact shall only be accountable for such funds as are actually received by Grantee; and (4) Grantee shall not be liable to Grantor or any other person or entity for any failure to take any action that it is empowered to take under this Section 7.3.

Section 7.4 Successors and Assigns. This Deed of Trust shall be binding upon and inure to the benefit of Grantee, Trustee and Grantor and their respective successors and assigns.

Section 7.5 No Waiver. Any failure by Grantee to insist upon strict performance of any of the terms, provisions or conditions of the Loan Documents shall not be deemed to be a waiver

of same, and Grantee shall have the right at any time to insist upon strict performance of all of such terms, provisions and conditions.

Section 7.6 Subrogation. To the extent proceeds of the Note have been used to extinguish, extend or renew any indebtedness against the Property, then Grantee shall be subrogated to all of the rights, liens and interests existing against the Property and held by the holder of such indebtedness and shall have the benefit of the priority of all of the same, and such former rights, liens and interests, if any, are not waived, but are continued in full force and effect in favor of Grantee.

Section 7.7 Loan Agreement. If any conflict or inconsistency exists between this Deed of Trust and the Loan Agreement, the Loan Agreement shall govern.

Section 7.8 Release. Upon payment in full of the Indebtedness and performance in full of all of the outstanding Obligations, the estate hereby granted shall cease, terminate and be void and Grantee, at Grantor's expense, shall release the liens, security title and security interests created by this Deed of Trust.

Section 7.9 Waiver of Stay, Moratorium and Similar Rights. Grantor agrees, to the full extent that it may lawfully do so, that it will not at any time insist upon or plead or in any way take advantage of, and hereby waives, any appraisement, valuation, stay, marshaling of assets, exemption, extension, redemption or moratorium law now or hereafter in force and effect so as to prevent or hinder the enforcement of the provisions of this Deed of Trust or the indebtedness secured hereby, or any agreement between Grantor and Grantee or any rights or remedies of Grantee.

Section 7.10 Waiver of Jury Trial; Consent to Jurisdiction. (a) TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, GRANTOR AND GRANTEE KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS SECURITY DEED, ANY OTHER LOAN DOCUMENT, OR ANY DEALINGS, CONDUCT, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS BY IT RELATING TO THE SUBJECT MATTER OF THIS SECURITY DEED. THE SCOPE OF THIS WAIVER IS INTENDED TO ENCOMPASS ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. GRANTOR AND GRANTEE ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO THIS SECURITY DEED. GRANTOR AND GRANTEE FURTHER WARRANT AND REPRESENT THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS,

SUPPLEMENTS OR MODIFICATIONS TO THIS SECURITY DEED, OR ANY OTHER LOAN DOCUMENTS OR AGREEMENTS RELATING TO THIS SECURITY DEED. IN THE EVENT OF LITIGATION, THIS SECURITY DEED MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

(b) GRANTOR AND GRANTEE HEREBY CONSENT FOR THEMSELVES AND GRANTOR HEREBY CONSENTS IN RESPECT OF ITS PROPERTIES, GENERALLY, UNCONDITIONALLY AND IRREVOCABLY, TO THE NONEXCLUSIVE JURISDICTION OF THE FEDERAL AND STATE COURTS IN THE STATE OF NEW YORK WITH RESPECT TO ANY PROCEEDING RELATING TO ANY MATTER, CLAIM OR DISPUTE ARISING UNDER THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY. GRANTOR AND GRANTEE FURTHER CONSENT, GENERALLY, UNCONDITIONALLY AND IRREVOCABLY, TO THE NONEXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS OF THE STATE IN WHICH ANY OF THE COLLATERAL IS LOCATED IN RESPECT OF ANY PROCEEDING RELATING TO ANY MATTER, CLAIM OR DISPUTE ARISING WITH RESPECT TO SUCH COLLATERAL. GRANTOR AND GRANTEE FURTHER IRREVOCABLY CONSENT TO THE SERVICE OF PROCESS BY MAIL, PERSONAL SERVICE OR IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW, GENERALLY, UNCONDITIONALLY AND IRREVOCABLY, AT THE ADDRESSES SET FORTH IN SECTION 9.4 OF THE LOAN AGREEMENT IN CONNECTION WITH ANY OF THE AFORESAID PROCEEDINGS IN ACCORDANCE WITH THE RULES APPLICABLE TO SUCH PROCEEDINGS. TO THE EXTENT PERMITTED BY APPLICABLE LAW, GRANTOR AND GRANTEE HEREBY IRREVOCABLY WAIVE ANY OBJECTION THAT THEY MAY NOW HAVE OR HAVE IN THE FUTURE TO THE LAYING OF VENUE IN RESPECT OF ANY OF THE AFORESAID PROCEEDINGS BROUGHT IN THE COURTS REFERRED TO ABOVE AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. NOTHING HEREIN SHALL AFFECT THE RIGHT OF GRANTEE TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW OR TO COMMENCE PROCEEDINGS OR OTHERWISE PROCEED AGAINST GRANTOR IN ANY JURISDICTION.

Section 7.11 Headings. The Article, Section and Subsection titles hereof are inserted for convenience of reference only and shall in no way alter, modify, limit or define, or be used in construing, the scope, intent or text of such Articles, Sections or Subsections.

Section 7.12 Governing Law. THE PROVISIONS OF THIS SECURITY DEED REGARDING THE CREATION, PERFECTION AND ENFORCEMENT OF THE LIENS, SECURITY TITLE AND SECURITY INTERESTS HEREIN GRANTED SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED. ALL OTHER PROVISIONS OF THIS SECURITY DEED, ANY CLAIM OR CONTROVERSY ARISING OUT OF THE SUBJECT MATTER HEREOF WHETHER SOUNDING IN CONTRACT LAW, TORT LAW OR OTHERWISE, AND THE RIGHTS AND OBLIGATIONS OF GRANTOR AND GRANTEE

SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THEREOF, TO THE EXTENT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY, AND FURTHER, NOTWITHSTANDING THE FOREGOING, WITH RESPECT TO ANY PERSONAL PROPERTY INCLUDED IN THE "PROPERTY", THE CREATION OF THE SECURITY INTEREST THEREIN SHALL BE GOVERNED BY THE UNIFORM COMMERCIAL CODE IN EFFECT IN THE STATE OF NEW YORK FROM TIME TO TIME AND THE PERFECTION, THE EFFECT OF PERFECTION OR NON-PERFECTION AND PRIORITY OF SUCH SECURITY INTEREST SHALL BE GOVERNED IN ACCORDANCE WITH THE MANDATORY CHOICE OF LAW RULES SET FORTH IN THE UNIFORM COMMERCIAL CODE IN EFFECT IN THE STATE OF NEW YORK FROM TIME TO TIME.

Section 7.13 Hold Harmless. Grantor shall and does hereby agree to defend, indemnify and hold harmless Grantee from and against any and all claims, losses, expenses, damages and liabilities (including all reasonable fees and expenses of attorneys) that may arise or be incurred or accrue in connection herewith or in connection with an obligation of Grantor hereunder with respect to the Property, except, in each case, to the extent incurred as a result of the gross negligence or willful misconduct of Grantee. Should Grantee incur any such claim, loss, expense, damage or liability, the amount thereof, including all reasonable expenses and reasonable fees of attorneys and reasonable costs and expenses associated with actions taken by Grantee in defense thereof, or otherwise in protecting its interests hereunder, shall constitute additions to the Indebtedness and shall be secured hereby, and Grantor covenants and agrees to reimburse Grantee promptly upon demand. Grantor shall reimburse Grantee for any actual losses, actual costs, actual damages and reasonable expenses (including reasonable attorneys' fees and court costs) incurred by Grantee if an interest in the Property, other than as permitted under the Loan Documents, is claimed by another Person.

Section 7.14 Entire Agreement. This Deed of Trust and the other Loan Documents embody the entire agreement and understanding between Grantee and Grantor pertaining to the subject matter hereof and thereof and supersede all prior agreements, understandings, representations or other arrangements, whether express or implied, written or oral, between such parties relating to the subject matter hereof and thereof. This Deed of Trust and the other Loan Documents may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

Section 7.15 Severability. If any provision of this Deed of Trust is invalid or unenforceable, then such provision shall be given full force and effect to the fullest possible extent, and all of the remaining provisions of this Deed of Trust shall remain in full force and effect and shall be binding on the parties hereto.

Section 7.16 Future Advances. This Deed of Trust secures all present and future advances and/or future obligations that may from time to time be made or incurred by Grantor under the Loan Documents (including without limitation under this Deed of Trust), and all other

sums from time to time owing to Beneficiary by the Grantor under the Loan Documents (including without limitation any existing obligations incurred or any advances made at or prior to the filing of this Deed of Trust of record in the real estate records of the county where the Property is situated). The maximum principal amount that may be secured by this Deed of Trust at any one time is \$37,000,000. The time period within which any future advances may be made and future obligations may be incurred is the period between the date hereof and the date thirty (30) years from the date hereof.

Section 7.17 Lien Absolute. Grantor acknowledges that this Deed of Trust and a number of other Loan Documents and those documents required by the Loan Documents together secure the Indebtedness. Grantor agrees that, to the extent permitted by law, the lien of this Deed of Trust and all obligations of Grantor hereunder shall be absolute and unconditional and shall not in any manner be affected or impaired by:

(a) any lack of validity or enforceability of the Loan Agreement or any other Loan Document, any agreement with respect to any of the Indebtedness or Obligations or any other agreement or instrument relating to any of the foregoing;

(b) any acceptance by Grantee of any security for or guarantees of any of the Indebtedness;

(c) any failure, neglect or omission on the part of Grantee to realize upon or protect any of the Indebtedness or any of the collateral security therefor, including the Loan Documents, or due to any other circumstance that might otherwise constitute a defense available to, or a discharge of, Grantor in respect of the Indebtedness and Obligations hereby secured or any collateral security therefor, including the Loan Documents, or due to any other circumstance that might otherwise constitute a defense available to, or a discharge of, Grantor in respect of the Indebtedness or Obligations or this Deed of Trust (other than the indefeasible payment in full in cash of all the Indebtedness and Obligations hereby secured);

(d) any change in the time, manner or place of payment of, or in any other term of, all or any of the Indebtedness or Obligations;

(e) any release (except as to the property released), sale, pledge, surrender, compromise, settlement, nonperfection, renewal, extension, indulgence, alteration, exchange, modification or disposition of any of the Indebtedness or Obligations hereby secured or of any of the collateral security therefor;

(f) any amendment or waiver of or any consent to any departure from the Loan Agreement or any other Loan Documents or of any guaranty thereof, if any, and Grantee may in its discretion foreclose, exercise any power of sale, or exercise any other remedy available to it under any or all of the Loan Documents without first exercising or enforcing any of its rights and remedies hereunder; and

(g) any exercise of the rights or remedies of Grantee hereunder or under any or all of the Loan Documents.

Section 7.18 Real Estate Taxes. Grantor shall not be entitled to any credit upon the Indebtedness or deduction from the assessed value of the Property by virtue of payment of real estate taxes on the Property. If any law is enacted or adopted or amended after the date of this Deed of Trust that deducts the Indebtedness from the value of the Property for the purpose of taxation or that imposes a tax, either directly or indirectly, on the Indebtedness or Grantee's interest in the Property, Grantor will pay such tax, with interest and penalties thereon, if any. In the event that the payment of such tax or interest and penalties by Grantor would be unlawful or taxable to Grantee or unenforceable or provide the basis for a defense of usury, then in any such event, Grantee shall have the option, by written notice of not less than 90 days, to declare the Indebtedness immediately due and payable.

Section 7.19 Incorporation by Reference. (a) All obligations of Grantor under this Deed of Trust shall be limited by the provisions of Section 9.19 of the Loan Agreement, the provisions of which are incorporated herein by this reference.

(b) The parties hereby acknowledge that the Loan Agreement, among other things, contains restrictions on the prepayment of the Indebtedness, as well as restrictions on the sale, transfer and encumbrance of the Property and the ownership interests of Grantor.

Section 7.20 State Specific Provisions. The provisions of Exhibit B attached hereto are hereby incorporated by reference as though set forth in full herein.

Section 7.21 Last Dollars Secured. The parties agree that any payments or repayments of such Indebtedness by Grantor shall be and be deemed to be applied first to the portion of the Indebtedness that is not secured hereby, if any, it being the parties' intent that the portion of the Indebtedness last remaining unpaid shall be secured hereby.

Section 7.22 Mortgage Recording Taxes. Grantor hereby covenants to pay any and all mortgage recording, intangibles or other taxes or fees due in connection with this Deed of Trust.

Section 7.23 Multiple Exercise of Remedies. To the extent permitted by law, Grantor specifically consents and agrees that Grantee may exercise rights and remedies hereunder and under the other Loan Documents separately or concurrently and in any order that Grantee may deem appropriate.

Section 7.24 Rules of Construction. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons referred to may require. All references to sections, schedules and exhibits are to sections, schedules and exhibits in or to this Deed of Trust unless otherwise specified. Unless otherwise specified: (i) all meanings attributed to defined terms in this Deed of Trust shall be equally applicable to both the singular and plural forms of the terms so defined, (ii) "including" means "including, but not limited to" and "including, without limitation" and (iii) the words

“hereof,” “herein,” “hereby,” “hereunder” and words of similar import when used in this Deed of Trust shall refer to this Deed of Trust as a whole and not to any particular provision, article, section or other subdivision of this Deed of Trust.

Section 7.25 Counterparts; Facsimile Signatures. This Deed of Trust may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. Any counterpart delivered by facsimile, pdf or other electronic means shall have the same import and effect as original counterparts and shall be valid, enforceable and binding for the purposes of this Deed of Trust.

Section 7.26 Deed of Trust Provisions. (a) 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 Deed of Trust, 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 Grantor and to Grantee. Grantee 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 Grantee 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 Deed of Trust 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 Grantee. The procedure provided for in this Section 7.26(a) for substitution of Trustee shall be in addition to and not in exclusion of any other provisions for substitution, by law or otherwise.

(b) Grantor 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 Deed of Trust.

(c) With the approval of Grantee, Trustee shall have the right to take any and all of the following actions: (i) to select, employ, and advise with counsel (who may be, but need not be, counsel for Grantee) upon any matters arising hereunder, including the preparation, execution, and interpretation of the Note, the Loan Agreement, this Deed of Trust or the other Loan Documents, and shall be fully protected in relying as to legal matters on the advice of counsel, (ii) to execute any of the trusts and powers hereof and to perform any duty hereunder either directly or through his/her agents or attorneys, (iii) 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 willful misconduct, and (iv) 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.

(d) 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.

(e) Should any deed, conveyance, or instrument of any nature be required from Grantor 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 Grantor.

(f) 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 Grantee 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.

Grantor hereby acknowledges receipt of a true copy of the within Deed of Trust.

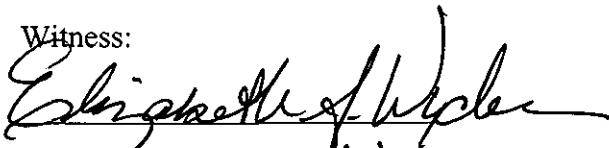
[No further text on this page; Signature page follows]

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LEND MONEY, EXTEND CREDIT, OR FOREBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

IN WITNESS WHEREOF, this Deed of Trust is executed under seal as of the day and year first above written.

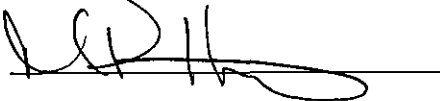
Signed, sealed and delivered
in the presence of:

Witness:



Name: Elizabeth A. Wyche

Witness:



Name: MATTHEW M. PARTRIDGE

GRANTOR:

TERRAPINS OWNER LLC, a Delaware
limited liability company

By: 

Name: Raymond D. Martz
Title: President

[CORPORATE SEAL]

ACKNOWLEDGMENT

STATE OF MARYLAND)

CITY/COUNTY OF Montgomery)

I HEREBY CERTIFY that on this 4th day of January, 2011, before me, a Notary Public of the State of Maryland, personally appeared Raymond Martz, who acknowledged himself to be the President of **TERRAPINS OWNER LLC**, a Delaware limited liability company and that he is authorized so to do, executed the foregoing instrument for the purposes therein on behalf of such party.

AS WITNESS my hand and Notarial Seal.



Notary Public

My Commission Expires: _____



EXHIBIT A

The Land referred to in this policy is described as follows: Real property in the City of Stevenson, County of Skamania, State of Washington, described as follows:

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°1'56" 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

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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 1567.10 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 170.11 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 34.60 FEET TO THE BEGINNING OF A 238.00 FOOT RADIUS NONTANGENT 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°12'57" 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 93.69 FEET; THENCE SOUTH 72°28'58" WEST 32.45 FEET; THENCE SOUTH 17°31'02" EAST 168.85 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 62°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 26°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 NONTANGENT 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

EXHIBIT B

Special Washington Provisions

The following provisions are incorporated by reference into Section 7.20 of the attached Deed of Trust. If any conflict or inconsistency exists between this Exhibit B and the remainder of the attached Deed of Trust, this Exhibit B shall govern.

B-1 SUBSTITUTION OF TRUSTEE. Pursuant to RCW 61.24.010(2), the powers of Trustee may be exercised by any successor Trustee with the same effect as if exercised by Trustee. Borrower hereby grants to Lender, in its sole discretion, the right and power to appoint a substitute trustee or trustees for any reason whatsoever. Such substitution shall be made by an instrument duly executed and acknowledged and recorded where this Security Instrument is recorded.

B-2 PERFORMANCE OF DUTIES; LIABILITY. Trustee shall perform and fulfill faithfully its obligations hereunder, but it shall be under no duty to act until it receives notice of the occurrence of an Event of Default from Lender and arrangements have been made which are satisfactory to it for the indemnification to which it is entitled, the payment of its compensation and the reimbursement of any expenses it may incur in the performance of its duties. It shall have no liability for its acts unless it is guilty of willful misconduct or gross negligence.

B-3 TRUSTEE'S FEES. Borrower shall pay Trustee reasonable compensation for any and all services performed and all its reasonable expenses, charges, attorneys' fees and other obligations incurred in the administration and execution of the trusts hereby created and the performance of its duties and powers hereunder, which compensation, expenses, fees and disbursements shall constitute a part of the Debt secured hereby.

B-4 RECONVEYANCE. Trustee shall reconvey all or any part of the Property covered by this Security Instrument to the person entitled thereto, upon written request of Lender and Borrower, or upon full satisfaction of the Debt secured hereby and written request of Lender or the person entitled thereto.

B-5 COMMERCIAL LOAN. Borrower warrants that the proceeds of the Loan are for commercial purposes only and not for personal, family or household purposes pursuant to RCW 19.52.080.

B-6 NON-AGRICULTURAL USE. The Property is not used principally for agricultural purposes.

B-7 STATUTE OF FRAUDS. ORAL AGREEMENTS OR ORAL COMMITMENTS TO LEND MONEY, EXTEND CREDIT, OR FOREBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.