

After Recording, Return to:

Malcolm E. Johnson, Attorney  
Malcolm E. Johnson Law Firm, PC  
PO Box 2732  
Battle Ground, WA 98604

**DEED OF TRUST**

Date: September 3, 2015

Grantor: Daryl Peterson

Trustee: Skamania County Title Co.

Beneficiary: Malcolm E Johnson Law firm P.C.

Legal: Abbreviated- Lot 2 BLK 10-RELOCATED NORTH BONNEVILLE 15,872 SQ FT  
Full Legal Description: See Exhibit A, attached hereto and incorporated here by this reference.

Assessor's Tax Lot No. 02072922020000

The above parcel is located in North Bonneville, Skamania County, Washington, and the common address is as follows: 1002 Chenoweth, North Bonneville, WA 98639

A. Grantor grants, bargains, sells, conveys and warrants to Trustee, in trust with power of sale, that property describe herein above, located in the County of Skamania, State of Washington; TOGETHER WITH the following described estate, property and rights of Grantor (herein collectively called the "Property") as security for the performance of each covenant and agreement of Grantor contained herein and in all other instruments executed in connection herewith, and for the payment of all sums of money secured hereby:

1. All the fee and leasehold estates and rights of Grantor now held and hereafter acquired in and to the Property and in and to land lying in streets and roads adjoining the property, and all access rights and easements appertaining thereto; and

2. All buildings, structures, improvements, furnishings, fixtures and equipment, real, personal and mixed, now or hereafter attached to, or used or adapted for use in

the operation of, the said premises, and replacements and additions thereto; including without limitation, all heating and incinerating apparatus and equipment whatsoever, all boilers, engines, motors, dynamos, generating equipment, pumps, piping and plumbing fixtures, cooling, ventilating, sprinkling, fire-extinguishing apparatus, gas and electric fixtures, elevators, escalators, partitions, and shrubbery and plants; and including also all interest of any owner of the said premises in any of such items hereafter at any time acquired under conditional sales contract, chattel mortgage or other title-retaining or security instrument, all of which property mentioned in this paragraph shall be deemed part of the realty and not severable wholly or in part without material injury to the freehold; and

3. All and singular the lands, tenements, privileges, water, water rights, water stock, mineral, oil and gas rights, hereditaments and appurtenances thereto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, royalties, issues and profits thereof, and all the estate, rights, title, claim, interest and demand whatsoever of Grantor either in law or equity, of, in and to the bargained premises, whether now held or hereafter acquired;

B. TO HAVE AND TO HOLD said premises bargained and described, together with all and singular the lands, tenements, privileges, water, water rights, water stock, mineral, oil and gas rights, hereditaments and appurtenances thereto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainder, rents, royalties, issues and profits thereof, and all of the estate, right, title, claim and demands whatsoever of Grantor, either in law or in equity, of, in and to the above-bargained premises, forever as security for the faithful performance of the Promissory Note secured hereby, and as security for the faithful performance of each and all of the covenants, agreements, terms and conditions of this Deed of Trust, and in all other instruments executed in connection herewith, SUBJECT, HOWEVER, to the right, power and authority given to and conferred upon Beneficiary to collect and apply such rents, issues and profits. This Deed of Trust also constitutes a security agreement in all of the property above described or referenced in which such interest may be created under the Uniform Commercial Code and for such purposes Grantor hereby grants to Beneficiary a security interest therein and in the following property:

1. All machinery, equipment, appliances, vehicles, shrubbery and landscaping, construction materials and supplies, improvements, furniture, fixtures and other tangible personal property, TOGETHER WITH all property of like kind or type hereafter acquired by Grantor in substitution or replacement thereof, and all tools, accessories, parts, equipment and accessions now in, attached to or which may hereafter at any time be placed in or added to the Property or any portion thereof and owned by Grantor, including all after-acquired property, replacements and proceeds (including condemnation awards, tort claims and insurance proceeds), and all of Grantor's plans, specifications, drawings, surveys, engineering reports, land planning maps, tests, studies, licenses, permits, forms, leases, construction contracts, purchase orders, inventory, goods, contract rights, options, subscriptions, accounts, accounts receivable, general intangibles, chattel paper, instruments, documents, choses in action, judgments,

settlement proceeds, royalties, patents, copyrights, trademarks, rents, issues, profits, return premiums and tax refunds arising from or in any manner connected with the Property and all accessions and additions thereto and substitutions, replacements, modifications, products and proceeds thereof. The personal property described in this paragraph shall be considered a part of the property and subject to the terms and conditions of this Deed of Trust.

Grantor covenants and agrees as follows:

1. **Obligations Secured.** This Deed of Trust is made for the purpose of securing the performance of each agreement of Grantor herein and all other instruments executed in connection herewith, (excluding any hazardous waste indemnifications and completion and payment guaranties separate from the Note), and payment of all the indebtedness evidenced by the Promissory Note and Security Agreement of even date herewith payable to Beneficiary or order, in the original principal sum of **forty-seven thousand two hundred and seventeen dollars and eighteen cents (\$47,217.18)** plus all interest thereon and other amounts evidenced thereby including, without limitation, any increases in the original principal sum as a result of the inadequacy of the agreed payments or installments to pay the then current interest and all forms of negative amortization (herein referred to as the "Note"); all future advances made to Grantor by Beneficiary, its successors and assigns, under said Note or pursuant to the terms of this Deed of Trust or any other instruments and agreements executed in connection with or to secure said Note; the debts evidenced by all renewals, extensions, modifications, substitutions and consolidations of said Note; and any and all other obligations of Grantor to Beneficiary, its successors and assigns, now existing and hereafter arising and which are at any time specifically declared by Beneficiary in writing to be secured by these presents or which specifically indicate in the instruments which evidence the same that they are intended to be so secured.
2. **Grantor's Covenant of Payment.** Grantor shall pay all debts and moneys secured hereby when due without setoff or deduction of any kind whatsoever.
3. **Grantor's Warranties of Title.** Grantor warrants to Beneficiary that it is the sole holder of fee simple absolute title to all of the Property and that said title is marketable and free from any lien or encumbrance except as otherwise provided in this section and the liens imposed by law for nondelinquent real property taxes and assessments. Grantor further covenants and agrees as follows: that Grantor will keep the Property free from statutory and governmental liens of any kind; that no lien superior or junior to this Deed of Trust will be created or suffered to be created by Grantor during the life of this Deed of Trust without Beneficiary's prior written consent; that it has good right to make this Deed of Trust and the person executing this Deed of Trust on behalf of Grantor has the authority to do so; and that it will forever warrant and defend Beneficiary's interest in the Property against every person, whomsoever, lawfully claiming or to claim the same or any part thereof.
4. **Grantor's Right to Contest Statutory Liens.** The filing of a mechanic's or materialman's lien against the Property shall not constitute a default hereunder if and so long as

(a) no defaults exist under the Note or this Deed of Trust; (b) Grantor obtains and maintains in effect a bond issued by a surety acceptable to Beneficiary in an amount not less than the entire sum alleged to be owed to the lien claimant or such other amount as is required to obtain a court order to release said lien of record; (c) Grantor provides to Beneficiary and pays for an endorsement to Beneficiary's title insurance policy which insures the priority of this Deed of Trust over the lien being contested; (d) Grantor immediately commences its contest of such lien and continuously pursues the same in good faith and with due diligence; (e) such bond or contest stays the foreclosure of the lien; and (f) Grantor pays any judgment rendered for the lien claimant within ten (10) days thereafter.

5. **Maintenance of Improvements.** Grantor shall maintain the buildings and other improvements now or hereafter located on the Property in a first class, rentable condition and state of repair. Grantor shall not commit or suffer any waste; shall promptly comply with all requirements of any covenants, conditions and restrictions respecting said Property or the use thereof; and shall pay all fees or charges of any kind in connection therewith.

6. **Construction and Repairs.** Grantor shall complete or restore promptly and in good workmanlike manner any building or improvements which may be constructed, damaged or destroyed thereon, and pay when due all costs incurred therefor.

7. **Alterations.** No building or other improvement on the Property shall be structurally altered, removed or demolished, without Beneficiary's prior written consent, nor shall any fixture or chattel covered by this Deed of Trust and adapted to the proper use and enjoyment of the premises be removed at any time without like consent unless actually replaced by an article of equal suitability, owned by Grantor, free and clear of any lien or security interest except such as may be approved in writing by Beneficiary.

8. **Compliance With Laws.** Grantor shall comply with all statutes, laws, ordinances and regulations which now or hereafter pertain to the construction, repair, condition, use, and occupancy of the Property, including, without limitation, all environmental, subdivision, zoning, building code, fire, occupational, health, safety, occupancy, and other similar or dissimilar statutes, and shall not permit any tenant or other occupant to violate the same. In the event any statute requires any correction, alteration or retrofitting of any improvements, Grantor shall promptly undertake the required repairs and restoration and complete the same with due diligence at its sole cost and expense.

9. **Hazardous Use and Materials.** Grantor shall permit no hazardous or dangerous objects, materials or products to be located upon or generated, stored, transported to or from, disposed of or used in any portion of the Property, nor permit any hazardous or dangerous use to be made of the Property, and shall keep the Property in a safe condition in full compliance with all safety, health and environmental statutes, ordinances and regulations. Grantor warrants to Beneficiary that it has undertaken sufficient tests, surveys, inspections and analyses to cause Grantor to be relieved of liability for conditions existing prior to Grantor's acquisition of the Property under all

applicable hazardous waste laws and that neither it nor any of its directors, officers, agents or employees has any knowledge or reason to know that any asbestos, urca formaldehyde, radon, toxic, chemical, radioactive or other hazardous materials have been used, incorporated, stored, transported from, disposed of, emitted from or leached or intruded into or on the Property. Such hazardous materials include without limitation, any substance, material or waste which is or hereafter becomes regulated or classified as a hazardous substance, hazardous material, toxic substance, or solid waste under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, the Resource Conservation and Recovery Act of 1976, or the Hazardous Materials Transportation Act, or the regulations pertaining to such statutes, or any other statutes, laws and ordinances of the United States or of any state, county or municipality in which the Property is located. If the same do so exist, or hereafter exist on the Property, Grantor covenants to cause the same to be collected, stored, treated, and removed and the Property restored to the extent required by all then applicable federal, state and local regulations and to immediately pay all the costs thereof. Grantor shall give Beneficiary prompt written notice of (a) any proceeding or inquire by any governmental authority with respect to the presence of any hazardous material on the Property or the emission or migration thereof from or to any other property, (b) all claims made or threatened by any other party against Grantor or the Property relating to any alleged loss or injury resulting from any hazardous substance, or (c) Grantor's discovery or occurrence of any condition on the Property or any property adjoining or in the vicinity of the Property that could cause the Property to be subject to any federal, state or local statute, ordinance or regulation with respect to the proper disposal or cleanup of such materials. Beneficiary shall have the right to join and participate in, as a party if it so elects, any legal or administrative proceedings or actions initiated with respect to the Property in connection with any environmental law, and Grantor agrees to pay Beneficiary's reasonable attorney fees and court costs in so doing. Grantor agrees to defend, indemnify and hold Beneficiary, its directors, officers, agents, employees, participants and assigns harmless against any and all costs, actual and foreseeable consequential damages, and losses arising from or related to the breach of any warranty or covenant in this paragraph, and all costs of any required alterations, reconstruction, repairs, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required plans, whether or not the hazardous materials were known to Grantor and whether prior to or following the repayment of the Note or prior to or following the foreclosure of or Trustee's sale under this Deed of Trust or other security for the Note, and for any lien imposed against the Property or any portion thereof to secure the payment of any costs relating to the removal of hazardous wastes and/or any resulting restoration of the Property. This indemnification shall be secured by this Deed of Trust, but at Beneficiary's option if and only to the extent not extinguished by a trustee's sale hereunder, and shall survive any foreclosure of or trustee's sale under this Deed of Trust and shall at Beneficiary's option not be included in any debt which is statutorily extinguished in connection therewith. The creation or filing of any lien against the Property or any portion thereof as a result of the actual or alleged presence on the Property of any hazardous materials, any misrepresentation of Grantor herein or the failure of Grantor to make any payment or promptly or continuously pursue any action referred to in this paragraph shall constitute a default under this Deed of Trust.



10. **Insurance.** Grantor shall continuously maintain insurance on the Property and all improvements and additions thereto with all premiums prepaid and provide Beneficiary original policies or originally signed certificates therefor which list all coverages and endorsements to the policies exactly as stated in the policies and to which the originally signed Lender's loss payee endorsement is attached. All such existing and future policies are hereby assigned to Beneficiary. Unless otherwise specified in the Loan Commitment or unless expressly and in each instance waived by Beneficiary in writing, said insurance shall (a) be placed with companies licensed to do business in the state where the Property is located, and (b) placed with companies with a Best's rating of "A" or better and indicated to be of sufficient size to qualify for Best's designation VI. All casualty and builder's risk policies shall (1) be written on "all risk" casualty and completed value builder's risk forms, including fire and extended coverage, vandalism and malicious mischief, or an all perils endorsement, coverage against earthquake if and when Beneficiary so requires, and flood protection if the Property is located within a special flood hazard area, as determined by a Zone A designation on a Flood Hazard Boundary Map or a Zone A or V designation on a Flood Insurance Rate Map, together with such "soft costs" and other endorsements and coverages as Beneficiary may from time to time require; (2) cover one hundred percent (100%) of the replacement value of the improvements comprising the Property, with agreed value and inflation protection endorsements approved by Beneficiary in writing; (3) not be subject to any co-insurance or other similar contribution or limitation provisions; and (4) name Beneficiary as a loss payee under a standard 438 BFU endorsement or a complete equivalent thereof acceptable to Beneficiary. In addition to said casualty and builder's risk policies, Grantor shall carry such policies as are required by the Loan Commitment or otherwise by Beneficiary or by any applicable law, including, without limitation (i) coverage against loss of rents for not less than one (1) year, based upon Beneficiary's approved pro forma rent schedule for the total gross annual rents on one hundred percent (100%) of the then net rentable area of the Property, plus real estate taxes, special assessments, utility charges and premiums for all other insurance required herein (whether paid by Grantor or the Property tenants), (ii) public liability insurance applicable to the Property, buildings and improvements thereon, covering losses from damage to property and injury or death to persons in amounts which Beneficiary requires from time to time, and to include an extended liability endorsement if applicable to the Property and required by Beneficiary, and (iii) business interruption insurance in the amounts which Beneficiary requires from time to time. Upon Beneficiary's request, Grantor shall cause Beneficiary to be an additional insured on such liability policies and named as a loss payee under a standard 438 BFU endorsement on such rent loss and business interruption policies. All insurance policies shall be evaluated and adjusted as required by Beneficiary on an annual basis. Grantor assumes all risk of insufficient coverage of risks or amounts and acknowledges that Beneficiary's requirements are not intended to indicate what Grantor should, in its exercise of its prudent and reasonable judgment, obtain. The insurance certificates shall confirm that no insurance policy shall be cancelled or modified without thirty (30) days prior written notice to Beneficiary. Beneficiary may, at its option, require Grantor to maintain said policies in Grantor's possession or deliver said policies to Beneficiary. If retained by Grantor, said policies shall be kept available by Grantor at all times for delivery to Beneficiary or for inspection by Beneficiary, its agents or insurers. In the event of foreclosure of this Deed of Trust or other transfer of title to

the Property in extinguishment of some or all of the indebtedness secured hereby, all interest of Grantor in any insurance policies in force shall pass to the purchaser. Grantor shall provide beneficiary with proof of premiums paid for each policy term so long as this Deed of Trust remains in effect. Grantor shall reimburse Beneficiary for any premiums paid for such insurance by Beneficiary upon Grantor's default in so insuring the improvements or default in assigning and delivering such policies to Beneficiary.

11. **Assignment of Insurance and Condemnation Proceeds.** Should the Property or any part or appurtenance thereof or right of interest therein be taken or damaged by reason of any public or private improvement, condemnation proceeding (including change of grade), fire, earthquake or other casualty, or in any other manner, Beneficiary or Trustee may, at its option, commence, appear in and prosecute, in its own name, any action or proceeding, or make any reasonable compromise or settlement in connection with such taking or damage, and obtain all compensation, awards or other relief therefor. All compensation, awards, damages, rights of action and proceeds, including the policies and the proceeds of any policies of insurance affecting the Property, are hereby assigned to Beneficiary, but no such assignments shall be effective to invalidate or impair any insurance policy. Grantor further assigns to Beneficiary any return premiums or other repayments upon any insurance at any time provided for the benefit of Beneficiary and all refunds or rebates made of taxes or assessments on said Property and Beneficiary may at any time collect said return premiums, repayments, refunds, and rebates in the event of any default by Grantor under the Note or this Deed of Trust. No insurance proceeds or condemnation awards at any time assigned to or held by Beneficiary shall be deemed to be held in trust, and Beneficiary may commingle such proceeds with its general assets and shall not be liable for the payment of any interest thereon. Grantor also agrees to execute such further assignments of any such policies, compensation, award, damages, rebates, return of premiums, repayments, rights of action and proceeds as Beneficiary or Trustee may require.

12. **Use of Insurance Proceeds.** After any damage by casualty to the Property, whether or not required to be insured against under the policies to be provided by Grantor, Grantor shall give prompt written notice thereof to Beneficiary generally describing the nature and cause of such casualty and the extent of the damage to or destruction of the Property. At the option of Beneficiary, the proceeds of a loss under any policy, whether or not endorsed payable to Beneficiary, may be applied in payment of the principal, interest or any other sums secured by this Deed of Trust, whether or not then due, or to the restoration or replacement of any building on the Property, without in any way affecting the enforceability or priority of the lien of this Deed of Trust or the obligation of Grantor or any other person for payment of the indebtedness hereby secured or the reconstruction of the damaged improvements, whether such Grantor be the then owner of said premises or not.

13. **Use of Condemnation Awards.** Should the Property or any portion thereof or any improvements thereon be taken or damaged by reason of any public improvement or condemnation proceeding, or in any other manner, Beneficiary shall be entitled to all compensation awards and other payments or relief therefor, and may at its option commence,

appear in or prosecute in its own name any action or proceeding or make any reasonable compromise or settlement in connection with such taking or damage, and Grantor agrees to pay Beneficiary's costs and reasonable attorney fees incurred in connection therewith. All such compensation, awards, damages, rights of actions and proceeds may be applied at the option of Beneficiary toward the repair to any damage to the improvements on any portion of the Property not subject to the taking or to reduce the unpaid indebtedness secured hereby in such order as Beneficiary may determine, and without any adjustment in the amount of the installments due under the Note. Grantor agrees to execute such further assignments or condemnation proceeds as Beneficiary or Trustee may from time to time require. If so applied, any proceeds in excess of the unpaid balance of the Note and other sums due to Beneficiary shall be paid to Grantor or Grantor's assignee.

14. **Property Taxes and Assessments.** Grantor shall pay in full on or before the due date thereof all rents, taxes, assessments and encumbrances, with interest, that may now or hereafter be levied, assessed or claimed upon the Property that is the subject of this Deed of Trust or any part thereof, and upon request exhibit to Beneficiary official receipts therefor, and shall pay all taxes imposed upon, and reasonable costs, fees and expenses of, this Deed of Trust.

15. **Assessment Districts.** Grantor agrees not to consent to its inclusion in any local improvement or special assessment district or to the imposition of any special or local improvement assessment against the Property without Beneficiary's prior written consent.

16. **Mortgage Taxes.** In the event of the passage after the date of this Deed of Trust of any Federal, State or Municipal law relating to the taxation of mortgages, deeds of trust, or debts secured thereby so as to tax or assess any interest of Beneficiary or any payments secured hereby (excluding Beneficiary's income or franchise taxes), Grantor shall bear or pay the full amount of such taxes, provided that, if for any reason payment by Grantor of any such new or additional taxes would be unlawful or if the payment thereof would constitute usury or render the loan or indebtedness secured hereby wholly or partially usurious under any of the terms or provisions of the Note, or the within Deed of Trust or otherwise, Beneficiary may, at its option, without demand or notice, declare the whole sum secured by this Deed of Trust, with interest thereon, to be immediately due and payable, or Beneficiary may, at its option, pay that amount or portion of such taxes as renders the loan or indebtedness secured hereby unlawful or usurious, in which event Grantor shall concurrently therewith pay the remaining lawful and nonusurious portion or balance of said taxes.

17. **Taxes and Insurance Reserves.** Grantor shall at the request of Beneficiary, pay to Beneficiary at the time of and in addition to the regular payments of principal and interest due under the terms of the Note equal monthly installments of the taxes, assessments, and insurance premiums estimated by Beneficiary next to become due so that thirty (30) days before the due date thereof, or of the first installment thereof, Beneficiary will have on hand an amount sufficient to pay the next maturing taxes, assessments and insurance premiums. The amount of the additional payment to be made on account of taxes, assessments and insurance premiums



shall be adjusted annually or more frequently as Beneficiary deems necessary and any deficit shall be immediately paid by Grantor upon request and any surplus shall be credited on the mortgage account. Subsequent payments on account of taxes, assessments and insurance premiums shall be made in accordance with the next estimate by Beneficiary of annual requirements. To the extent permitted by applicable law, all moneys paid to Beneficiary on account of taxes, assessments or insurance premiums may be commingled and invested with Beneficiary's own funds and, unless and to the extent required by law, shall not bear interest for Grantor. In the event of default of Grantor, Beneficiary at its option may apply any moneys in this account to any part of the debt secured hereby. Beneficiary shall not exercise the rights granted in this paragraph so long as all of the following conditions have been met:

- (a) There have been no more than four (4) late monthly installment payments through the loan term;
- (b) There is no other default under the terms of the Note, the Loan Commitment, this Deed of Trust or other security documents;
- (c) Grantor remains in title on the subject Property; and
- (d) Grantor pays all taxes, assessments and insurance premiums prior to delinquency.

Upon Grantor's failure to comply with any one or more of the conditions 21.1 through 21.4 above, Beneficiary may, at its option then or thereafter exercised, require Grantor to pay the additional sums described in this paragraph.

18. **Grantor's Right to Contest Taxes.** Grantor shall have the right to contest any real property tax or special assessment so long as (a) no defaults exist under the Note or this Deed of Trust; (b) Grantor makes any payment or deposit or posts any bond as and when required as a condition to pursuing such contest; (c) Grantor commences such contest prior to such tax or assessment becoming delinquent and continuously pursues the same in good faith and with due diligence; (d) such contest or any bond furnished by Grantor stays the foreclosure of any lien securing the payment of any such tax or assessment; and (e) Grantor pays any tax or assessment within ten (10) days following the date of resolution of such contest.

19. **Leases.** With respect to any leases currently or hereafter relating to any portion of the Property, Grantor agrees that:

- (a) Grantor shall fully comply with all of its obligations under all existing and future leases on the Property whether Grantor is the lessor or lessee therein, so that the same shall not become in default and shall do all that is necessary to preserve the same in force;
- (b) Grantor shall not permit an assignment of any lease, or any subletting thereunder unless the right to assign or sublet is expressly reserved by the lessee under such lease;

(c) Grantor shall not create or suffer or permit to be created, subsequent to the date of the execution and delivery of this Deed of Trust, any lien or encumbrance which may be or become superior to any lease or rental affecting said Property;

(d) Grantor shall provide parking facilities in kind, size and location sufficient to comply with all governmental zoning and regulations, and Grantor will furnish to Beneficiary satisfactory assurance of such completion thereof, and that the same were so completed in compliance with said regulations and free of liens; and

(e) Beneficiary and its successors and assigns (including any purchaser at a foreclosure or trustee's sale) shall have the right, at its option, to recognize and continue in effect any leasehold interest which is junior or subordinated to this Deed of Trust following any foreclosure or trustee's sale.

20. **Assignment of Leases and Rents.** Grantor does hereby assign, transfer and set over unto Beneficiary, in consideration of the above-described loan indebtedness, all rentals and deposits which may be received or contracted for under any existing or future leases of the Property encumbered hereby or any portion thereof, all of Grantor's present and future interests in said existing and future leases, and, in the event of any default hereunder or under the Note, Grantor shall deliver possession of same to Beneficiary forthwith upon demand. This assignment is absolute, unconditional and not in the nature of a security interest, it being intended hereby to establish a complete and present transfer of all leases and rents, with the right but without the obligation, to collect all of said rents. Grantor shall have a revocable license to collect rents under the leases to the extent attributable to one (1) month of the unexpired lease term unless and until Grantor is in default under the Note or any security therefor beyond the expiration of any applicable cure period specifically provided for in the Note. All such rents shall be collected and held in trust for Beneficiary, but until this license is revoked shall be used to pay the reasonable expenses of owning, maintaining, repairing, operating and renting the Property. Beneficiary shall also have the right to revoke such license and collect rents under any leases if and so long as Beneficiary reasonably determines that a default is likely to occur and such default will result in any leases or rental obligations becoming modified, released, compromised or impaired or any rentals becoming improperly collected, waived, attached or embezzled. Lessees of the Property, or any part thereof, are hereby expressly authorized and directed to pay all rents and other amounts herein assigned to Beneficiary or such nominee as Beneficiary may designate in writing delivered to and received by such lessees, who are expressly relieved of any and all duty, liability or obligation to Grantor with respect to all payments so made. In the event Beneficiary exercises or is entitled to exercise any of its rights or remedies under this Deed of Trust as a result of the default of Grantor under the Note secured hereby, the Loan Commitment or any security granted for said Note, and if any lessee, sublessee or assignee under any lease assigned under this paragraph files or has filed against it any petition in bankruptcy or for reorganization or undertakes or is subject to similar action, Beneficiary shall have, and is hereby assigned by Grantor, all of the rights which would otherwise inure to the benefit of Grantor in such

proceedings, including, without limitation, the right to seek "adequate protection" of its interests, to compel rejection of any such lease, and to seek such claims and awards as may be sought or granted in connection with the rejection of any such lease. Unless otherwise agreed to by Beneficiary in writing, Beneficiary's exercise of any of the rights provided in this paragraph shall preclude Grantor from the pursuit and benefit thereof without any further action or proceeding of any nature. The rights granted in this paragraph shall be in addition to and not in derogation of any similar or related rights granted Beneficiary in any separate assignment of leases and rents.

21. **Impairment of Security.** Grantor shall not, without first obtaining Beneficiary's written consent, assign any of the rents or profits of the Property or change the general nature of the use of the Property or initiate or acquiesce in any zoning reclassification, or do, or suffer to be done, any act or thing which would impair the security for said debt or Beneficiary's lien upon the Property or the rents thereof. Grantor shall not, without the written consent of Beneficiary, (i) initiate or support any zoning reclassification of the Property, seek any variance under existing zoning ordinances applicable to the Property or use or permit the use of the Property in a manner which would result in such use becoming a nonconforming use under applicable zoning ordinances; (ii) modify, amend or supplement any easement, reservation, restriction, covenant, condition, or encumbrance pertaining to the Property; (iii) impose or consent to any restrictive covenant or encumbrance upon the Property, execute or file any subdivision or parcel map affecting the Property or consent to the annexation of the Property to any municipality; or (iv) permit or suffer the Property to be used by the public or any person in such manner as might make possible a claim of adverse usage or possession or of any implied dedication or easement.

22. **Defense of Suits.** Grantor shall appear in and defend any suit, action or proceeding that might affect the value, priority or enforceability of this security instrument or the security itself and powers of Beneficiary or Trustee, including any suits relating to damage to property or death or personal injuries, to the full extent of Grantor's negligence. Grantor, following mutual negotiations with Beneficiary, has waived and does hereby waive any immunity to such liability to Beneficiary under any industrial insurance or similar statute to the extent such immunity would impair Beneficiary's rights against Grantor. Should Beneficiary elect also to appear or defend any such action or proceeding or be made a party to such by reason of this Deed of Trust, or elect to prosecute such action as appears necessary to preserve said value, Grantor will at all times indemnify from, and, on demand reimburse Beneficiary and Trustee for, any and all loss, damage, expense or cost, including cost of evidence of title and attorney fees, arising out of or incurred in connection with any such suit, action or proceeding, and any appeal or petition for review thereof, and the sum of such expenditures shall be secured by this Deed of Trust with interest as provided in the Note secured hereby and shall be due and payable on demand. Grantor shall pay costs of suit, cost of evidence of title and a reasonable attorney fee in any proceeding or suit brought by Beneficiary to foreclose this Deed of Trust and in any appeal therefrom or petition for review thereof.

23. **Assignments and Transfers.** Grantor acknowledges that Beneficiary has relied upon Grantor's financial statements, credit history, business and real property managerial expertise and

other factors personal to Grantor in making this loan, and Grantor covenants not to transfer its interest in the Property without first receiving Beneficiary's express written consent in each instance. A breach of this covenant shall constitute a default under the Note. The outstanding balance of the Note and of all other sums then due to Beneficiary by Grantor hereunder or under any documents executed in connection with the Note may, at Beneficiary's option, be declared immediately due and payable if any of Grantor's interests in the Property or the improvements thereto, or any part thereof, are sold or transferred, voluntarily or involuntarily, without Beneficiary's written consent. All transfers of stock or general partnership interests in Grantor or any successor of Grantor, transfers of leases for terms of more than twenty (20) years (including extension options), leases with purchase options, conveyances by real estate contract, and transfers by foreclosure or other forced sale or forfeiture shall each be deemed a transfer of Grantor's interest in the Property for the purposes of this paragraph. Any sums which are accelerated as a result of this paragraph shall bear the same prepayment premium as is provided in the Note for amounts which are voluntarily paid to Beneficiary in advance of their originally scheduled due dates. In each instance in which a transfer of Grantor's interest in the Property occurs and regardless of whether Beneficiary's consent thereto is required, given, waived, or denied or whether Beneficiary elects to accelerate the Note, Grantor and its successor shall be jointly and severally liable to Beneficiary for a transfer fee equal to one percent (1%) of the outstanding principal balance of the Note as of the date of such transfer. Said fee shall be payable on demand, shall bear interest from ten (10) days after such demand to and including the date of collection at the Default Rate provided for in the Note, and shall be secured by this Deed of Trust. Beneficiary's waiver of such fee in whole or in part for any one transfer shall not preclude its imposition thereof in any other transaction.

24. **Assumption.** If Grantor transfers its interest in the Property and has received any consent of Beneficiary which this Deed of Trust requires therefor, this loan may be assumed by a buyer approved by Beneficiary in writing. Beneficiary agrees not to unreasonably withhold its approval of a prospective buyer if (a) at the time of such assumption there exists no default under the Note or any of the security granted in connection therewith; (b) Grantor is not released from any further liability under the Note or said security; (c) Beneficiary has received and approved the terms and conditions of the sale and the financial statements, credit history and managerial experience of the assuming party using such standards as Beneficiary would ordinarily apply in reviewing and approving applications for loans of similar amounts and terms and secured by similarly valued security of the same type and use; (d) the outstanding principal balance of the Note is reduced by Grantor to any percentage requirement specified in the Commitment of the total sales price for the Property received and to be received by Grantor in the transaction to which the assumption pertains (including cash paid at closing and all deferred portions of said price, but excluding interest on such deferred portion and customary seller's closing costs); and (e) Beneficiary is in receipt of an assumption fee equal to one percent (1%) of the then outstanding principal balance of the Note. Grantor shall reimburse Beneficiary for its reasonable attorney fees and other out-of-pocket expenses paid in connection with the review and approval or disapproval of any requested assumption.



25. **Further Encumbrances.** Grantor acknowledges that Beneficiary has relied upon the Property not being subject to additional liens or encumbrances for reasons which include, but are not limited to, the possibility of competing claims or the promotion of plans disadvantageous to Beneficiary in bankruptcy; the risks to Beneficiary in a junior lienholder's bankruptcy; questions which involve the priority of future advances, the priority of future leases of the Property, the marshaling of Grantor's assets, and Beneficiary's right to determine the application of condemnation awards and insurance proceeds; the impairment of Beneficiary's option to accept a deed in lieu of foreclosure; the increased difficulty of reaching agreements for loan workouts or to the actions to be taken by trustees, receivers, liquidators and fiduciaries; Beneficiary's requirements of Grantor's preservation of its equity in the Property and the absence of debt which could increase the likelihood of Grantor's inability to perform its obligations when due. Therefore, as a principal inducement to Beneficiary to make this loan and with the knowledge that Beneficiary will materially rely upon this paragraph in so doing, Grantor covenants not to encumber the Property without first receiving Beneficiary's express written consent in each instance. A breach of this covenant shall constitute a default under the Note, and the outstanding balance of the Note and all other sums then due to Beneficiary under any documents executed in connection therewith may, at Beneficiary's option, be declared immediately due and payable if any interest in the Property or the improvements thereto, or any part thereof, are voluntarily or involuntarily encumbered. Without limiting the generality of the foregoing, no mortgages, deeds of trust or other forms of security interests prior or subordinate to the security interests of Beneficiary shall encumber any real or personal property which is the subject of any lien or security interest granted to Beneficiary. Encumbrances and hypothecations of stock or partnership interests in Grantor or any successor of Grantor, sale lease-backs, transfers by leases with purchase options, and conveyance by real estate contract shall each be deemed an encumbrance for the purposes of this paragraph. Any sums which are accelerated as a result of this paragraph shall bear the same prepayment premium as is provided in this Note for amounts which are voluntarily paid to Beneficiary in advance of their originally scheduled due dates.

26. **Default.** Grantor shall be in default under this Deed of Trust in any of the following circumstances:

(a) Any default by Grantor under the Note, as described therein or any default in the payment of any indebtedness secured hereby when due or in the timely performance of any covenant or the observance of any condition contained in the Note or other related loan documents; or

(b) The breach of any warranty or any material inaccuracy of any representation of Grantor contained herein or in the Note, or other related loan document; or should any representation, document, exhibit, statement, certificate, or schedule furnished to Beneficiary by Grantor contain any untrue or misleading statement of a material fact or fail to state any material fact necessary to make the statement of facts contained therein not misleading, or should the same thereafter become untrue or misleading in any material respect; or



(c) Any failure to perform any obligation which is secured by any lien against or interest in the Property, rights or interests encumbered hereby or any portion thereof, regardless of whether such lien or interest is prior or subordinate to these presents, and which default or failure to perform is not cured within any applicable grace period or which in any manner threatens the lien of this Deed of Trust; or

(d) Any failure of Grantor to pay when due taxes, municipal or special assessment, insurance premium, or any lien or charge upon the Property; or

(e) Any of the following shall occur with respect to the Property, Grantor, any guarantor of the Note or the then owner of the Property:

- (i) the appointment of a receiver, liquidator or trustee;
- (ii) the filing of any voluntary or involuntary petition for bankruptcy or reorganization;
- (iii) if any such person be unable, or admit in writing an inability, to pay its debts when due;
- (iv) the dissolution, termination of existence, insolvency or business failure of any such person;
- (v) any assignment for the benefit of creditors;
- (vi) the making or suffering of a fraudulent transfer under applicable federal or state law;
- (vii) the concealment of any of its property in fraud of creditors;
- (viii) the making or suffering by a preference within the meaning of the federal bankruptcy law; and
- (ix) the imposition of a lien through legal proceedings or distraint upon any of the Property which is not contested in the manner permitted by this Deed of Trust; or

(f) Any default by Grantor under any lease, any termination of such lease, or any modification, surrender or cancellation of such lease without Beneficiary's prior written consent; or

(g) Any material adverse change, including, without limitation, actual or threatened removal, demolition, or other impairment, of the Property or any improvements thereon; or

(h) Any impending or proposed: (i) condemnation; (ii) rezoning; or (iii) modification or enactment of any ordinances or regulations, any of which could materially affect any improvements on the Property or the use or cost thereof; or

(i) Any assignment of this Deed of Trust without Beneficiary's prior written consent; or

(j) Any conveyance, lease or encumbrance of all or any part of the Property without any consent required of Beneficiary herein being first given in writing.

27. **Rights and Remedies on Default.** Upon the occurrence of any default under this Deed of Trust and at any time thereafter, Trustee or Beneficiary may exercise any one or more of the following rights and remedies:

(a) **Loan Document Remedies.** Beneficiary may exercise any right or remedy provided for the Note or other document executed in connection with or to secure the Note;

(b) **Acceleration.** Beneficiary may declare the Note and all other sums secured by this Deed of Trust immediately due and payable;

(c) **Nonjudicial Foreclosure.** Upon written request of Beneficiary, Trustee shall sell the Property, in accordance with the Deed of Trust Act of the State of Washington (RCW 61.24 as existing now, or hereafter amended) and the Uniform Commercial Code of the State of Washington where applicable, at public auction to the highest bidder for cash at such time and at such place as are statutorily prescribed. Grantor acknowledges that there is no right to an extension of Trustee's sale on "equitable" or other grounds, and that Beneficiary's remedies under this Deed of Trust shall not be affected or impaired by the exercise of any right of setoff or to collect and apply rents, profits, insurance proceeds or condemnation awards. Any person except Trustee may bid at a Trustee's sale. Subject to applicable law, Trustee shall apply the proceeds of the sale in the following order: (1) to the expense of sale, including a reasonable Trustee's fee and attorney fees; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed in accordance with said Deed of Trust Act. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the Property which Grantor had or had the power to convey at the time of Grantor's execution of this Deed of Trust, and such as Grantor may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party, unless such action or proceeding is brought by Trustee.

(d) **Judicial Foreclosure.** Beneficiary shall have the right to judicially foreclose this Deed of Trust as a mortgage. If this Deed of Trust is foreclosed by judicial procedure, Beneficiary will be entitled to a judgment which will provide that if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for any amount by which the unpaid balance of the obligations secured by this Deed of Trust exceeds the net sale proceeds payable to Beneficiary. In the event Grantor remains in possession of the Property after the Property is sold as provided above or Beneficiary otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at will of Beneficiary or the purchaser of the property and shall pay a reasonable rental for use of the Property while in Grantor's possession. The purchaser at any foreclosure sale may (but shall be under no obligation to), during any redemption period, make such repairs and alterations to the improvements as may be appropriate for the proper operation, care, preservation, and protection thereof; pay any taxes and assessments due during such period; insure the improvements on the Property against loss by casualty and itself against liability arising from its ownership and use of the Property; and pay liens not extinguished by the foreclosure and any other amounts relating to the Property to the extent due during such redemption period, and all of such expenses and payments, together with interest thereon from the date so paid to reimbursement at the rate provided for any other redemption amounts, shall be included in the amount required to be paid by any person to redeem the Property.

(e) **UCC Remedies.** With respect to all or any part of the Property that is personal or intangible, Beneficiary shall have all the rights and remedies of a secured party under the Uniform Commercial Code. Upon request, Grantor shall assemble and make such collateral available to Beneficiary at a place to be designated by Beneficiary which is reasonably convenient to both parties. Upon repossession, Beneficiary may propose to retain the collateral in partial satisfaction of the Note or sell the collateral at public or private sale in accordance with the Uniform Commercial Code as adopted in the state where the Property is situated or any other applicable statute. Such sale may be held as a part of, distinctive from or without a Trustee's sale or foreclosure of the real property secured by this Deed of Trust. If any notification or disposition of all or any portion of the collateral is required by law, such notification shall be deemed reasonably and properly given if mailed at least ten (10) days prior to such disposition. If Beneficiary disposes of all or any part of the collateral after default, the proceeds of disposition shall be applied in the following order:

- (i) to the reasonable expenses of retaking, holding, preparing for sale, selling the collateral, and the like;
- (ii) to the reasonable attorney fees and expenses incurred by Beneficiary; and
- (iii) to the satisfaction of the indebtedness secured by this Deed of Trust.

(f) **Remedial Advances.** Should Grantor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, without obligation so to do and without demand

upon Grantor and without releasing Grantor from any obligation hereof, may (i) make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the Property for such purposes; (ii) commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (iii) pay, purchase, contest, or compromise any encumbrance, charge, lien, tax or assessment, or the premium for any policy of insurance required herein; and in exercising any such power, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefor, including cost of evidence of title, employ counsel and pay such counsel's fees. Beneficiary shall be subrogated to the rights and lien interests of any person who is paid by Beneficiary pursuant to the terms of this paragraph. Grantor shall repay immediately on written notice to Grantor all sums expended or advanced hereunder by or on behalf of Beneficiary, with interest from the date of such advance or expenditure at the Default Rate provided for in the Note, and the repayment thereof shall be secured hereby.

(g) **Summary Possession.** Beneficiary may, at its option, and in person or by agent, employee or court-appointed receiver, enter upon and take possession of the Property and continue any improvement, repair or renovation thereof at Grantor's expense and to lease the same or any part thereof, making such alterations as it finds necessary, and may terminate in any lawful manner any lease of the Property, exercising with respect thereto any right or option available to Grantor. The entering upon and taking possession of the Property, the collection of rents, issues and profits, or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the Property, and the application or release thereof shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(h) **Collection of Rents.** Beneficiary may require any tenant or other user to make payments of rent or use fees directly to Beneficiary regardless of whether Beneficiary has taken possession of the Property. If any rents are collected by Beneficiary, then Grantor irrevocably designates Beneficiary as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Beneficiary in response to Beneficiary's demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed. Beneficiary may exercise its rights under this paragraph either in person, by agent or through a receiver.

(i) **Beneficiary's Enforcement of Leases.** Beneficiary is hereby vested with full power to use all measures, legal and equitable, deemed by it necessary or proper to collect the rents assigned in this Deed of Trust, including the right, in person or by agent, employee and court-appointed receiver, to enter upon the Property, or any part thereof, and take possession thereof forthwith to the extent necessary to effect the cure of any default on the part of Grantor as lessor in any leases or upon Grantor's default under the Note. Grantor hereby grants to Beneficiary full power and authority to exercise all rights, privileges and powers herein granted

at any and all times hereafter, without notice to Grantor, including the right to operate and manage the Property, make and amend leases and perform any other acts which are reasonably necessary to protect the value, priority or enforceability of any security for the Note and use and apply all of the rents and other income herein assigned to the payment of the costs of exercising such remedies, of managing and operating the Property, and of any indebtedness or liability of Grantor to Beneficiary, including but not limited to the payment of taxes, special assessments, insurance premiums, damage claims, the costs of maintaining, repairing, rebuilding and restoring the improvements on the Property or making same rentable, attorney fees incurred in connection with the enforcement of this Deed of Trust, and any principal and interest payments due from Grantor to Beneficiary on said Note and this Deed of Trust, all in such order as Beneficiary may determine. Beneficiary shall be under no obligation to enforce any of the rights or claims assigned to it hereunder or to perform or carry out any of the obligations of the lessor under any leases and does not assume any of the liabilities in connection with or arising or growing out of the covenants and agreements of Grantor in any leases. It is further understood that this Deed of Trust shall not operate to place responsibility for the control, care, management or repair of the Property, or parts thereof, upon Beneficiary nor shall it operate to make Beneficiary liable for the carrying out of any of the terms and conditions of any leases, or for any waste of the Property by the lessee under any leases or by any other party, or for any dangerous or defective condition of the Property or for any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any lessee, invitee, licensee, employee, or stranger, except as may result from the gross negligence or willful misconduct of Beneficiary after taking possession of the Property hereunder.

(j) **Beneficiary's Enforcement of Contracts.** Beneficiary shall have the right to enforce Grantor's rights under all architect contracts and construction contracts and to bring an action for the breach thereof in the name of Beneficiary or, at Beneficiary's option, in the name of Grantor, in the event any architect or contractor breaches their respective contracts, regardless of whether Beneficiary has acquired or retained any interest in the Property. Grantor hereby irrevocably appoints Beneficiary as its attorney-in-fact for the purposes of the foregoing, which power shall be durable and coupled with an interest. Beneficiary does not assume and shall not be obligated to perform any of Grantor's obligations under said contracts nor shall Beneficiary be required to enforce such contracts or bring action for the breach thereof; provided, however, any performance of the respective contracts specifically required in writing by Beneficiary, following any default by Grantor under the Note or the contracts, and which is properly and timely undertaken by the contractor or architect, shall be paid for by Beneficiary in accordance with the terms and conditions of the contracts. Such payments shall be deemed additions to the Note principal and shall bear interest at the rate provided in the Note from the date of advance to and including the date of full payment, and shall be secured as a part of said Note principal and interest by any deed of trust, collateral assignment of leases and rents, security agreement, continuing guaranty, and other documents granted to secure the Note.

(k) **Appointment of Receiver.** Beneficiary shall have the right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve



the Property, to operate the Property preceding foreclosure or sale, to collect the income from the Property and apply the proceeds, over and above cost of the receivership, against the Note. The receiver may serve without bond if permitted by law. Beneficiary's right to the appointment of a receiver shall exist whether or not apparent value of the Property exceeds the indebtedness secured hereby by a substantial amount. Employment by Beneficiary shall not disqualify a person from serving as a receiver. Upon taking possession of all or any part of the Property, the receiver or Beneficiary may: (i) use, operate, manage, control and conduct business on the Property and make expenditures for all maintenance and improvements as in its judgment are necessary and proper; (ii) collect the income from the Property and apply such sums to the expenses of use, operation and management; and (iii) at Beneficiary's option, complete any construction in progress on the Property, and in that connection pay bills, borrow funds, employ contractors and make any changes in plans or specifications as Beneficiary deems reasonably necessary or appropriate. If the revenues produced by the Property are insufficient to pay expenses, the receiver may borrow, from Beneficiary or otherwise, or Beneficiary may borrow or advance, such sums as the receiver or Beneficiary may deem reasonably necessary for the purposes stated in this paragraph. The amounts borrowed or advanced shall be payable on demand and bear interest from the date of expenditure until repaid at the interest rate then applicable under the Note. Such sums shall become a part of the debt secured by this Deed of Trust.

(l) **Specific Enforcement.** Beneficiary may specifically enforce any covenant in this Deed of Trust or Grantor's compliance with its warranties herein and may restrain and enjoin the breach or prospective breach of any such covenant or the noncompliance with any condition, and Grantor waives any requirement of the posting of any bond in connection therewith.

(m) **General Creditors' Remedies.** Beneficiary shall have such other rights and remedies as are available under any statute or at law or in equity generally, and the delineation of certain remedies in this Deed of Trust shall not be deemed in limitation thereof.

28. **Application of Sale Proceeds.** After deducting all costs and expenses of Trustee and of this Trust, including cost of evidence of title and reasonable attorney fees in connection with sale, as above set forth, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not then repaid, with accrued interest at the Default Rate provided for in the Note; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

29. **Remedies Cumulative.** All rights and remedies of Beneficiary herein specified are cumulative and are in addition to, not in limitation of, any rights and remedies Beneficiary may have at law.

30. **No Waiver.** No waiver of any default or failure or delay to exercise any right or remedy by Beneficiary shall operate as a waiver of any default or of the same default in the future or a preclusion of any right or remedy with respect to the same or any other occurrence.

31. **Marshaling.** In case of a sale under this Deed of Trust, the said Property, real, personal and mixed, may be sold in one or more parcels. Neither Trustee nor Beneficiary shall be required to marshal Grantor's assets.

32. **Jury Trial Waiver.** Grantor hereby waives any right to a jury trial in any action related to this Deed of Trust.

33. **Attorney Fees; Costs.** Grantor agrees to reimburse Beneficiary for all costs, expenses, and reasonable attorney fees that Beneficiary incurs in connection with the realization or enforcement of any obligation or remedy contained in the Loan Commitment, Note or other related documents, with or without litigation, including without limitation any costs, expenses, and fees incurred: (a) on appeal; (b) in any arbitration or mediation; (c) in any action contesting or seeking to restrain, enjoin, stay, or postpone the exercise of any remedy in which Beneficiary prevails; (d) in any bankruptcy, probate, receivership or other proceeding involving Grantor; and (e) in connection with all negotiations, documentation, and other actions relating to any work-out, compromise, settlement or satisfaction of the debt secured hereby or settlement of any debt secured by this Deed of Trust or the Loan Commitment, Note or related documents. All such costs, expenses, and fees shall be due and payable upon demand, shall bear interest from the date incurred through the date of collection at the highest rate stated in the Note (including the Default Rate), and shall be secured by this Deed of Trust.

34. **Nonagricultural Property.** Grantor covenants and warrants that the Property is not used principally or primarily for agricultural or farming purposes.

35. **Acceptance by Trustee.** Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law.

36. **Successor Trustee.** Trustee may resign by an instrument in writing addressed to Beneficiary, or Trustee may be removed at any time with or without cause by an instrument in writing executed by Beneficiary and duly recorded. In case of the death, resignation, removal or disqualification of Trustee or if for any reason Beneficiary shall deem it desirable to appoint a substitute or successor Trustee to act instead of Trustee herein named or any substitute or successor Trustee, then Beneficiary shall have the right and is hereby authorized and empowered to appoint a successor Trustee, or a substitute Trustee, without other formality than appointment and designation in writing executed and acknowledged by Beneficiary and the recordation of such writing in the office where this Deed of Trust is recorded, and the authority hereby conferred shall extend to the appointment of other successor and substitute Trustees successively. Such appointment and designation by Beneficiary shall be full evidence of the right and authority to make the same and of all facts therein recited. If such appointment is executed on behalf of Beneficiary by an officer of Beneficiary, such appointments shall be conclusively presumed to be executed with authority and shall be valid and sufficient without proof of any action by Trustee or any officer of Beneficiary. Upon the making of such appointment and designation, all of the

estate and title of Trustee in the Property shall vest in the named successor or substitute Trustee and it shall thereupon succeed to and shall hold, possess and execute all the rights, powers, privileges, immunities and duties herein conferred upon Trustee; but, nevertheless, upon the written request of Beneficiary or of the successor or substitute Trustee, Trustee shall execute and deliver an instrument transferring to such successor or substitute Trustee all of the estate and title in the Property of Trustee so ceasing to act, together with all the rights, powers, privileges, immunities and duties herein conferred upon Trustee, and shall duly assign, transfer and deliver any of the properties and moneys held by Trustee hereunder to said successor or substitute Trustee. All references herein to Trustee herein shall be deemed to refer to any Trustee (including any successor or substitute appointed and designated, as herein provided) from time to time acting hereunder. Grantor hereby ratifies and confirms any and all acts which Trustee herein named or its successor or successors, substitute or substitutes, in this Deed of Trust, shall do lawfully by virtue hereof.

37. **Reconveyance.** Upon written request of Beneficiary, stating that all sums secured hereby have been paid, and upon surrender of this Deed and said Note to Trustee for cancellation and retention, and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in any reconveyance executed under this Deed of Trust of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

38. **No Releases.** No Property shall be released from the lien of this Deed of Trust and no person shall be released from liability under the Note or any other obligation secured hereby except in the manner herein specified. Without affecting the liability of any other person for the payment of any obligation herein mentioned (including Grantor should it convey said Property) and without affecting the lien or priority hereof upon any Property not released, Beneficiary may, without notice, release any person so liable, extend the maturity or modify the terms of any such obligation, grant other indulgences, make future or other advances to Grantor or any one or more parties comprising Grantor, assign or in any manner transfer this Deed of Trust, release or reconvey or cause to be released or reconveyed at any time all or part of the said Property described herein, take or release any other security or make compositions or other arrangements with debtors. Beneficiary may also accept additional security, either concurrently herewith or thereafter, and sell same or otherwise realize thereon, either before, concurrently with, or after sale hereunder.

39. **Beneficiary's Consents.** At any time, upon written request of Grantor, payment of Beneficiary's fees and presentation of this Deed of Trust and said Note for endorsement (in case of full reconveyance, for cancellation and retention) without affecting the liability of any person for the payment of the indebtedness, Beneficiary may: (a) consent to the making of any map or plat of said Property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this Deed of Trust or the lien or charge thereof; and (d) reconvey, without warranty, all or any part of the Property.

40. **Usury Disclaimer.** Grantor acknowledges and warrants that the proceeds of the loan evidenced by the Note are intended to be and shall be, used exclusively for commercial and business purposes, and not for personal, family or household purposes. It is the specific intent of Grantor and Beneficiary that the Note bear a lawful rate of interest. If any court of competent jurisdiction should determine that the rate therein provided for exceeds that which is statutorily permitted for the type of transaction evidenced thereby, the interest rate shall be reduced to the highest rate permitted by applicable law, with any excess interest theretofore collected being applied against the Note principal or, if such principal has been fully repaid, returned to Grantor on demand.

41. **Time of Performance.** Time is of the essence hereof in connection with all obligations of Grantor herein, in the Loan Commitment and in the Note.

42. **Notices.** The undersigned Grantor requests that a copy of any Notice of Default or Notice of Sale hereunder be mailed to it at its address as hereinbefore set forth. Any notices to be given by Grantor to Beneficiary hereunder shall be sufficient if personally delivered or mailed, postage prepaid, to the address of Grantor stated in the Deed of Trust, or to such other address that Grantor has requested in writing to Beneficiary, that such notices be sent. Any time period provided in the giving of any notice hereunder shall commence upon the date such notice is delivered or deposited in the mail, as officially recorded on the certified mail receipt.

43. **Beneficiary's Right to Inspect.** Beneficiary and its agents and representatives may enter upon the Property at all reasonable times to attend to Beneficiary's interest and to inspect the Property.

44. **Reports and Statements.** Grantor shall deliver to Beneficiary, within ninety (90) days after the end of each of Grantor's fiscal years and within twenty (20) days after Beneficiary's request in the event of any default by Grantor, reasonably detailed operating statements and occupancy reports in form satisfactory to Beneficiary covering the Property, both certified as correct by Grantor. At Beneficiary's option, such operating statements shall be prepared by an independent certified public accountant at Grantor's expense. If Beneficiary so requests, such statements shall specify, in addition to other information requested by Beneficiary, the rents and profits received from the Property, the disbursements made for such period, the names of the tenants of the Property, and a summary of the terms of the respective leases or the rental arrangements. Grantor shall permit Beneficiary or its representative to examine all books and records pertaining to the Property, and shall deliver to Beneficiary all financial statements, credit reports, and other documents pertaining to the financial condition and obligations of Grantor and any tenants of the Property, and rental, income, and expense statements, audits, and tax returns relating to the Property.

45. **Assignment by Beneficiary; Participation.** Beneficiary may assign this Deed of Trust in whole or in part to any person and may grant participation in any of its rights under this Deed of Trust, without notice and without affecting Grantor's liability under this Deed of Trust. In



connection with any proposed assignment, participation, or similar arrangement, Beneficiary may make available to any person all credit and financial data furnished or to be furnished to Beneficiary by Grantor or any guarantor of the Note. Grantor agrees to provide to the person designated by Beneficiary any information as such person may reasonably require to form a decision regarding the proposed assignment, participation, or other arrangement. Grantor may not assign this Deed of Trust to any person at any time, except in connection with a transaction approved in writing by Beneficiary under the terms of this Deed of Trust.

46. **Multiple Grantors.** If Grantor is comprised of more than one person or entity, then the term "Grantor" shall refer to all such persons or entities collectively and to each such person or entity individually, such that all obligations, covenants, warranties, requirements, restrictions, and other provisions of this Deed of Trust shall apply both collectively and individually. If Grantor is comprised of more than one person or entity, then each of such persons or entities shall be jointly and severally liable for the indebtedness secured by this Deed of Trust, for the performance of Grantor's obligations under the Loan Documents, and for any default on the part of any one or more of the persons or entities comprising Grantor. This Deed of Trust shall be so construed that, wherever applicable, the use of the singular number shall include the plural number, the use of the plural number shall include the singular number, the use of any gender shall be applicable to all genders, and shall likewise be so construed as applicable to and including a corporation. Any act, event or omission which is hereby defined as a default on the part of Grantor shall likewise be a default on the part of Grantor should the same exist with respect to any one or more parties comprising Grantor.

47. **Legal Relationships.** The relationship between Beneficiary and Grantor is that of lender and borrower, and no partnership, joint venture, or other similar relationship shall be inferred from this Deed of Trust. Grantor shall not have the right or authority to make representations, act, or incur debts or liabilities on behalf of Beneficiary. Grantor is not executing this Deed of Trust as an agent or nominee for an undisclosed principal, and no third party beneficiaries are or shall be created by the execution of this Deed of Trust, other than by the assignment by Beneficiary of this Deed of Trust.

48. **Community Property.** If Grantor includes any married person, then that married person's separate and community property interests in the Property and the community property interests of his or her spouse in the Property are encumbered by this Deed of Trust.

49. **Nonrecourse Parties.** If any person comprising Grantor is not also a maker of the Note and is executing this Deed of Trust to solely enable the Property to be fully subject to Beneficiary's lien, such person shall have no personal liability on the Note or, except for warranties relating to the title of the Property and the effectiveness of the lien of this Deed of Trust, for the performance of Grantor's covenants herein as a result of his or her execution of this document.



50. **Modification.** This Deed of Trust may be amended, modified, changed, or varied only by a written agreement signed by the parties hereto. No requirement of this Deed of Trust may be waived at any time except in a writing signed by Beneficiary and any such waiver shall be effective only as to its terms and on a single occasion. Neither Beneficiary's delay or omission in exercising any right, power, or remedy under this Deed of Trust upon default of Grantor nor Beneficiary's failure to insist upon strict performance of any of the covenants or agreements contained in this Deed of Trust shall be construed as a waiver of any such right, power, remedy, covenant, or agreement or as an acquiescence in Grantor's breach or default. By accepting payment of any sum secured by this Deed of Trust after its due date, Beneficiary does not waive its right to require prompt payment of any other sums when due or to declare default for failure to pay.

51. **Successors.** Subject to the prohibitions against Grantor's assignments herein, this Deed of Trust shall inure to the benefit of and bind all of the parties, their successors, estates, heirs, personal representatives, and assigns.

52. **Partial Invalidity.** If a court of competent jurisdiction finally determines that any provision of this Deed of Trust is invalid or unenforceable, the court's determination shall not affect the validity or enforceability of the remaining provisions of this Deed of Trust. In such event, this Deed of Trust shall be construed as if it did not contain the particular provision that was determined to be invalid or unenforceable. No such determination shall affect any provision of this Deed of Trust to the extent that it is otherwise enforceable under the laws of any other applicable jurisdiction.

53. **Mutual Negotiation.** Beneficiary and Grantor confirm that they have mutually negotiated this Deed of Trust and that none of the terms or provisions of this Deed of Trust shall be construed against either party.

54. **Paragraph Headings.** The paragraph headings are for convenience only and in no way define, limit, extend, or describe the scope or intent of this Deed of Trust or any of its provisions.

55. **Applicable Law.** This Deed of Trust and the rights of the parties hereunder shall be governed by, construed, and enforced in accordance with the laws of the state where the Property is located.


56. **Entire Agreement.** This Deed of Trust, including any exhibits or addenda, contains the entire agreement of the parties with respect to the subject matter hereof.

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57. **Counterparts.** This Deed of Trust may be executed in two or more counterparts, all of which shall constitute one and the same instrument and lien. The signature pages of exact copies of this Deed of Trust may be attached to one copy to form one complete document. Additional copies of this Deed of Trust may be executed in counterparts and recorded in two or more counties, all of which shall constitute one and the same instrument and lien.

IN WITNESS WHEREOF, Grantor hereto has executed this Agreement as of the date first above written.


GRANTOR:


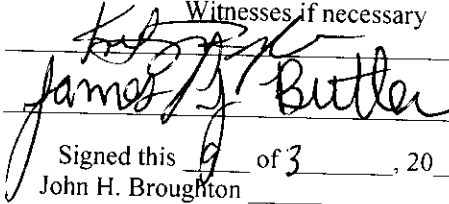
  
Daryl Peterson

STATE OF WASHINGTON )  
 ) ss.  
County of Skamania )

On this \_\_\_ day of September, 2015 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Daryl Peterson to me known to be the individual that executed the foregoing instrument, and acknowledged the said instrument to be his voluntary act and deed, for the uses and purposes therein mentioned.

Witness my hand and official seal hereto affixed the day and year first above written.

  
Notary Public in and for the State of Washington  
Residing at SKAMANIA, Washington  
Commission Expires: 2/9/2019

 STATE OF WASHINGTON  
COUNTY OF SKAMANIA  
DATE 9 / 3 / 2015  
1 Daryl Peterson  
Swear, or Affirm that the documents that are being notarized on the above date, are truthful and are not misrepresentative or false in any way.  
Witnesses, if necessary  
  
Signed this 9 of 3, 20 15  
John H. Broughton  
Notary Public commission exp. 02/9/2019

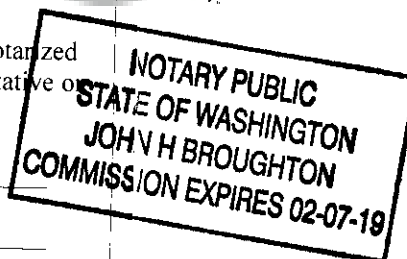


EXHIBIT A

Lot 2 of the Replat of Lots 1 and 2, Block 10, Third Addition to the Plats of the Relocated North Bonneville as recorded July 8, 1961 in "B" of Plats, page 47 under Auditor's File No. 92738, records of Skamania County, Washington.

Being a Replat of Lots 1 and 2, Block 10 Third Addition to the Plats of Relocated North Bonneville as recorded in "B" of Plats, page 34 and 35, under Auditor's File No. 85402, records of Skamania County, Washington.