SUBDIVISION

Issued By:

CHICAGO TITLE INSURANCE COMPANY

Guarantee/Certificate Number:

0023344-ETU

CHICAGO TITLE INSURANCE COMPANY
a corporation, herein called the Company

GUARANTEES

Merit Homes, Inc.

herein called the Assured, against actual loss not exceeding the liability amount stated in Schedule A which the Assured shall sustain by reason of any incorrectness in the assurances set forth in Schedule A.

LIABILITY EXCLUSIONS AND LIMITATIONS

1. No guarantee is given nor liability assumed with respect to the identity of any party named or referred to in Schedule A or with respect to the validity, legal effect or priority of any matter shown therein.
2. The Company's liability hereunder shall be limited to the amount of actual loss sustained by the Assured because of reliance upon the assurance herein set forth, but in no event shall the Company's liability exceed the liability amount set forth in Schedule A.

Please note carefully the liability exclusions and limitations and the specific assurances afforded by this guarantee. If you wish additional liability, or assurances other than as contained herein, please contact the Company for further information as to the availability and cost.

Chicago Title Insurance Company

By:

President

Attest:

Secretary

Chicago Title Company of Washington
10500 NE 8th St., Suite 600
Bellevue, WA 98004

Countersigned By:

Authorized Officer or Agent

ISSUING OFFICE:
Title Officer: Eastside Title Unit Chicago Title Company of Washington 10500 NE 8th St., Suite 600 Bellevue, WA 98004 Main Phone: (425)646-9883 Email: CTIBellevueETU@ctt.com

SCHEDULE A

Liability	Premium	Tax
$1,000.00	$350.00	$33.25

Effective Date: September 3, 2014 at 08:00AM

The assurances referred to on the face page are:

That, according to those public records which, under the recording laws, impart constructive notice of matter relative to the following described property:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

Title to said real property is vested in:

Merit Homes, Inc., a Washington corporation

subject to the matters shown below under Exceptions, which Exceptions are not necessarily shown in the order of their priority.

END OF SCHEDULE A

EXHIBIT "A"

Legal Description

The South 217.80 feet of the East 150 feet of the West half of the Southwest quarter of the Northwest quarter of the Northwest quarter Section 33, Township 26 North , Range 5 East, W.M., in King County, Washington;
Except County roads.

SCHEDULE B

H. Reservations and exceptions in United States Patents or in Acts authorizing the issuance thereof.

SCHEDULE B
(continued)

SPECIAL EXCEPTIONS

1. General and special taxes and charges, payable February 15, delinquent if first half unpaid on May 1, second half delinquent if unpaid on November 1 of the tax year (amounts do not include interest and penalties):

Year:	2014	
Tax Account No.:	332605-9101-05	
Levy Code:	1700	
Assessed Value-Land:	$725,000.00	
Assessed Value-Improvements:	$1,000.00	
General and Special Taxes:	Billed:	$8,160.83
	Paid:	$4,080.42
	Unpaid:	$4,080.42

2. A deed of trust to secure an indebtedness in the amount shown below,

Amount:	$536,250.00
Dated:	June 23, 2014
Trustor/Grantor:	Merit Homes, Inc., a Washington corporation
Trustee:	Chicago Title Company of Washington
Beneficiary:	Homestreet Bank
Recording Date:	June 26, 2014
Recording No.:	20140626001145

END OF EXCEPTIONS

NOTES

The following matters will not be listed as Special Exceptions in Schedule B of the policy. There will be no coverage for loss arising by reason of the matters listed below because these matters are either excepted or excluded from coverage or are not matters covered under the insuring provisions of the policy.

Note A: Note: FOR INFORMATIONAL PURPOSES ONLY:

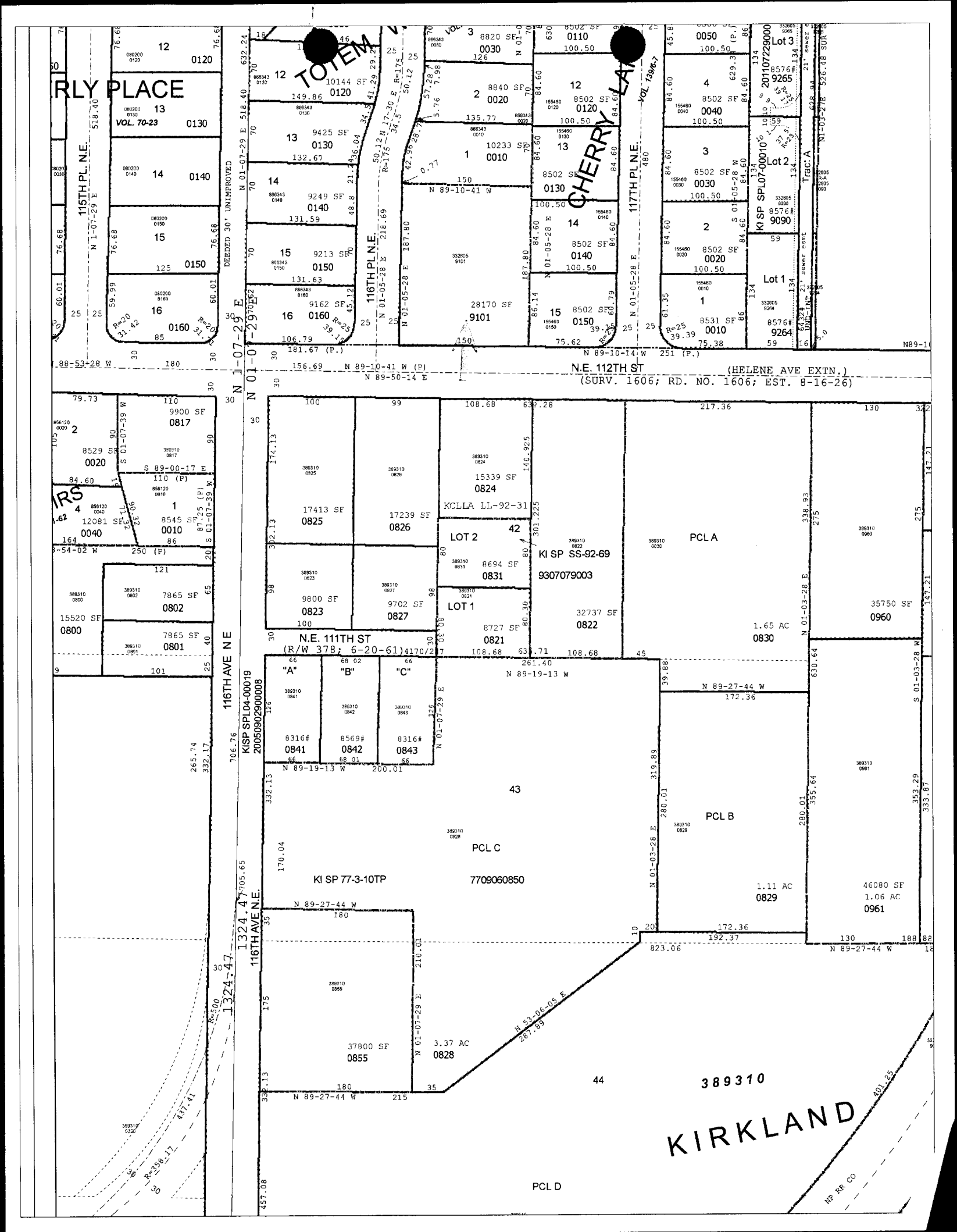
The following may be used as an abbreviated legal description on the documents to be recorded, per Amended RCW 65.04.045. Said abbreviated legal description is not a substitute for a complete legal description within the body of the document:

Portion of the northwest quarter of the northwest quarter of Sec. 33-26-05
Tax Account No.: 332605-9101-05

Note B: Note: Any map furnished with this Commitment is for convenience in locating the land indicated herein with reference to streets and other land. No liability is assumed by reason of reliance thereon.

END OF NOTES

END OF SCHEDULE B



RLY PLACE
TOTEM
CHERRY LA
115TH PL. N.E.
116TH PL N.E.
117TH PL N.E.
DEEDED 30' UNIMPROVED
N.E. 112TH ST
(HELENE AVE EXTN.)
(SURV. 1606; RD. NO. 1606; EST. 8-16-26)
N.E. 111TH ST
(R/W 378; 6-20-61)
116TH AVE N E
116TH AVE N.E.
KISP SPL04-00019
20050902900008
KI SP SPL07-00010
Lot 1
Lot 2
Lot 3
Trac. A
KCLLA LL-92-31
KI SP SS-92-69
9307079003
KI SP 77-3-10TP
7709060850
PCL A
PCL B
PCL C
PCL D
389310
KIRKLAND
NP RR CO

SUBDIVISION

Guarantee/Certificate Number:

0018567-ETU
Update Second
Subdivision
Guarantee/Certificate

Issued By:

CHICAGO TITLE INSURANCE COMPANY

CHICAGO TITLE INSURANCE COMPANY
a corporation, herein called the Company

GUARANTEES

Merit Homes Inc.

herein called the Assured, against actual loss not exceeding the liability amount stated in Schedule A which the Assured shall sustain by reason of any incorrectness in the assurances set forth in Schedule A.

LIABILITY EXCLUSIONS AND LIMITATIONS

1. No guarantee is given nor liability assumed with respect to the identity of any party named or referred to in Schedule A or with respect to the validity, legal effect or priority of any matter shown therein.
2. The Company's liability hereunder shall be limited to the amount of actual loss sustained by the Assured because of reliance upon the assurance herein set forth, but in no event shall the Company's liability exceed the liability amount set forth in Schedule A.

Please note carefully the liability exclusions and limitations and the specific assurances afforded by this guarantee. If you wish additional liability, or assurances other than as contained herein, please contact the Company for further information as to the availability and cost.

Chicago Title Insurance Company

By:

President

Chicago Title Company of Washington
10500 NE 8th St., Suite 600
Bellevue, WA 98004

Countersigned By:

Bruce H. Andrus

Authorized Officer or Agent

Attest:

Secretary

ISSUING OFFICE:
Title Officer: Eastside Title Unit Chicago Title Company of Washington 10500 NE 8th St., Suite 600 Bellevue, WA 98004 Main Phone: (425)646-9883 Email: CTIBellevueETU@ctt.com

SCHEDULE A

Liability	Premium	Tax
$1,000.00	$350.00	$33.25

Effective Date: August 22, 2014 at 08:00AM

The assurances referred to on the face page are:

That, according to those public records which, under the recording laws, impart constructive notice of matter relative to the following described property:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

Title to said real property is vested in:

Merit Homes, Inc., a Washington corporation

subject to the matters shown below under Exceptions, which Exceptions are not necessarily shown in the order of their priority.

END OF SCHEDULE A

EXHIBIT "A"

Legal Description

Parcel A:

Lot(s) 1, Totem Woods, according to the plat thereof, recorded in Volume 112 of Plats, Page 72 and 73, records of King County, Washington;

Parcel B:

The South 217.80 feet of the East 150 feet of the West half of the Southwest quarter of the Northwest quarter of the Northwest quarter of Section 33, Township 26 North, range 5 East, W.M., in King County, Washington ;
Except County roads.

SCHEDULE B

GENERAL EXCEPTIONS

H. Reservations and exceptions in United States Patents or in Acts authorizing the issuance thereof.

SCHEDULE B
(continued)

SPECIAL EXCEPTIONS

1. Covenants, conditions, restrictions, recitals, reservations, easements, easement provisions, dedications, building setback lines, notes, statements, and other matters, if any, but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth on said Plat.

   Affects: Parcel A

2. Covenants, conditions, restrictions and easements but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

   Recording Date: December 20, 1979
   Recording No.: 7912200234

   Affects: Parcel A

3. General and special taxes and charges, payable February 15, delinquent if first half unpaid on May 1, second half delinquent if unpaid on November 1 of the tax year (amounts do not include interest and penalties):

   Year: 2014
   Tax Account No.: 866343-0010
   Levy Code: 1700
   Assessed Value-Land: $349,000.00
   Assessed Value-Improvements: $44,000.00

   General and Special Taxes: Billed: $4,513.20
   Paid: $2,256.60
   Unpaid: $2,256.60

   Affects: Parcel A

4. General and special taxes and charges, payable February 15, delinquent if first half unpaid on May 1, second half delinquent if unpaid on November 1 of the tax year (amounts do not include interest and penalties):

   Year: 2014
   Tax Account No.: 332605-9101
   Levy Code: 1700
   Assessed Value-Land: $725,000.00
   Assessed Value-Improvements: $1,000.00

   General and Special Taxes: Billed: $8,160.83
   Paid: $4,080.42
   Unpaid: $4,080.41

SCHEDULE B
(continued)

Affects: Parcel B

5. A deed of trust to secure an indebtedness in the amount shown below,

Amount:	$536,250.00
Dated:	June 23, 2014
Trustor/Grantor:	Merit Homes, Inc.
Trustee:	Chicago Title Company of Washington
Beneficiary:	Homestreet Bank
Recording Date:	June 26, 2014
Recording No.:	20140626001145

END OF EXCEPTIONS

NOTES

The following matters will not be listed as Special Exceptions in Schedule B of the policy. There will be no coverage for loss arising by reason of the matters listed below because these matters are either excepted or excluded from coverage or are not matters covered under the insuring provisions of the policy.

Note A: Note: FOR INFORMATIONAL PURPOSES ONLY:

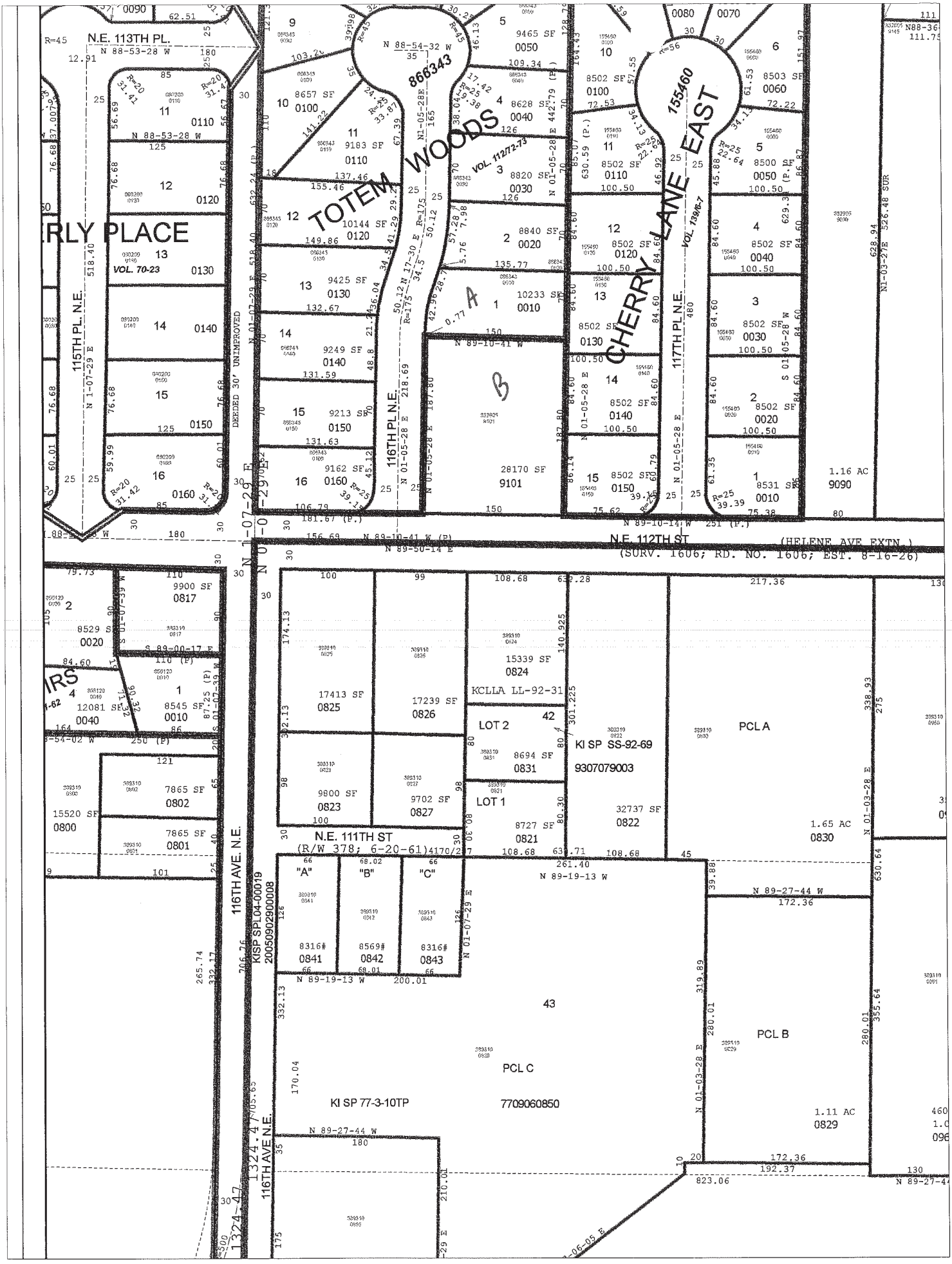
The following may be used as an abbreviated legal description on the documents to be recorded, per Amended RCW 65.04.045. Said abbreviated legal description is not a substitute for a complete legal description within the body of the document:

Lot 1, vol 112 of plats pg 72 tgw por adjoining on the South
Tax Account No.: 332605-9101 and 866343-0010

Note B: Note: Any map furnished with this Commitment is for convenience in locating the land indicated herein with reference to streets and other land. No liability is assumed by reason of reliance thereon.

END OF NOTES

END OF SCHEDULE B


N.E. 113TH PL.
TOTEM WOODS
866343
CHERRY LANE EAST
155460
115TH PL N.E.
116TH PL N.E.
117TH PL N.E.
116TH AVE. N.E.
N.E. 112TH ST
(HELENE AVE EXTN.)
(SURV. 1606; RD. NO. 1606; EST. 8-16-26)
N.E. 111TH ST
(R/W 378; 6-20-61)4170/27
KCLLA LL-92-31
KI SP SS-92-69
9307079003
KISP SPL04-00019
2005092900008
KI SP 77-3-10TP
7709060850
PCL A
PCL B
PCL C
DEEDED 30' UNIMPROVED
VOL. 70-23
VOL. 112772-73
VOL. 73946-7

CHICAGO TITLE INS. W
REF# 14826-1.
(2) 874

When recorded return to:
Joshua Lysen
Merit Homes Inc., a Washington corporation
13023 NE 70th Pl
Kirkland, WA 98033

20140626001144
CHICAGO TITLE WD 73.00
PAGE-001 OF 002
06/26/2014 14:22
KING COUNTY, WA

E2675744
06/26/2014 14:20
KING COUNTY, WA
TAX $12,732.00
SALE $715,000.00 PAGE-001 OF 001

Filed for record at the request of:

CHICAGO TITLE
COMPANY OF WASHINGTON

10500 NE 8th St., Suite 600
Bellevue, WA 98004

Escrow No.: 0014826-ETU

STATUTORY WARRANTY DEED

THE GRANTOR(S) Donald E. Mayer, a single man and Douglas J. Mayer, a married man as his sole and separate property

for and in consideration of Ten And No/100 Dollars ($10.00) , and other valuable consideration

in hand paid, conveys, and warrants to Merit Homes Inc., a Washington corporation

the following described real estate, situated in the County of King, State of Washington:

The South 217.80 feet of the East 150 feet of the West half of the Southwest quarter of the Northwest quarter of the Northwest quarter Section 33, Township 26 North , Range 5 East, W.M., in King County, Washington;
Except County roads.

Abbreviated Legal: (Required if full legal not inserted above.)

Tax Parcel Number(s): 332605-9101-05

Dated: June 24, 2014

Donald E. Mayer
Donald E. Mayer

Douglas J. Mayer
Douglas J. Mayer

STATUTORY WARRANTY DEED
(continued)

State of WA
County of King

I certify that I know or have satisfactory evidence that Donald E. Mayer is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument.
Dated: 6/24/14

Naomi R. Trickett
Name: Naomi R. Trickett
Notary Public in and for the State of WA
Residing at: Monroe, WA
My appointment expires: 8/19/2016

NAOMI R. TRICKETT NOTARY PUBLIC COMMISSION EXPIRES 8-19-16 STATE OF WASHINGTON

State of WA
County of King

I certify that I know or have satisfactory evidence that Douglas J. Mayer is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument.
Dated: 6/24/14

Naomi R. Trickett
Name: Naomi R. Trickett
Notary Public in and for the State of WA
Residing at: Monroe, WA
My appointment expires: 8/19/2016

NAOMI R. TRICKETT NOTARY PUBLIC COMMISSION EXPIRES 8-19-16 STATE OF WASHINGTON

TOTEM WOODS

SEC. 33, T.26N., R.5E., W.M.

CITY OF KIRKLAND, WASHINGTON

7910100805 112/72-73

LEGAL DESCRIPTION

This plat of Totem Woods is a plat of the following described parcel:

That portion of the west half of the southwest quarter of the northwest quarter of the northwest quarter of Section 33, Township 26 North, Range 5 East, W.M., in King County, Washington, described as follows:

Beginning at the southwest corner of said subdivision; thence N01°07'29"E along the west line thereof 30.00 feet to the north line of the south 30.00 feet of said subdivision and the TRUE POINT OF BEGINNING; thence N01°07'29"E 632.24 feet to the northwest corner of said subdivision; thence S88°53'36"E 331.30 feet to the northeast corner of said subdivision; thence S01°05'28"W 442.79 feet to the north line of the south 217.80 feet of said subdivison; thence N89°10'41"W along said north line 150.00 feet to the west line of the east 150.00 feet of said subdivision; thence S01°05'28"W along said west line 187.80 feet to the north line of the south 30.00 feet of said subdivision; thence N89°10'41"W 181.67 feet to the TRUE POINT OF BEGINNING.

DEDICATION

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned, owners in fee simple of the land hereby platted, hereby declare this plat and dedicate to the use of the public forever all streets and avenues shown thereon and the use thereof for all public purposes not inconsistent with the use thereof for public highway purposes, also, the right to make all necessary slopes for cuts and fills upon the lots and blocks shown on this plat in the original reasonable grading of the streets and avenues shown thereon. The 10' walkway and utility easement between lots 8 and 9 is for non-exclusive pedestrian use.
IN WITNESS WHEREOF we have set our hands and seals.
G.T. Properties, a joint venture consisting of Thomas E. Lash, and Mari Lee Lash, husband and wife, and Gordon D. Shadoan and Eva Camilla Shadoan, husband and wife.

Thomas E. Lash

Mari Lee Lash

Gordon D. Shadoan

Eva Camilla Shadoan

ACKNOWLEDGMENTS

State of Washington)
County of King) ss

This is to certify that on this 5 day of JUNE 19 79, before me, the undersigned, a notary public, personally appeared THOMAS E. LASH AND MARI LEE LASH and GORDON D. SHADOAN AND EVA CAMILLA SHADOAN husband and wife, individually and as parties of G.T. Properties, a joint venture, to me known to be the individuals who executed the within dedication and acknowledge to me that they signed and sealed the same as their voluntary act and deed for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year first above written.

Notary Public in and for the State of Washington residing at Kirkland.

State of Washington)
County of King) ss

This is to certify that on this _____ day of _____ 19 ____, before me, the undersigned, a notary public, personally appeared _____ and _____ husband and wife, individually and as parties of G.T. Properties, a joint venture, to me known to be the individuals who executed the within dedication and acknowledge to me that they signed and sealed the same as their voluntary act and deed for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year first above written.

Notary Public in and for the State of Washington residing at _____.

EASEMENT PROVISIONS

An easement is hereby reserved for and granted to PUGET SOUND POWER & LIGHT COMPANY and GENERAL TELEPHONE COMPANY OF THE NORTHWEST, INC., and their successors and assigns, under and upon the exterior 7 feet, parallel with and adjoining the street frontage of all lots, in which to install, lay, construct, renew, operate and maintain underground conduits, cable, and wires with necessary facilities and other equipment for the purpose of service to this subdivision and other property with electric and telephone service, together with the right to enter upon the lots at all times for the purposes stated.

Also, all lots shall be subject to an easement 2.5 feet in width, parallel with and adjacent to all interior lot lines and 5 feet in width, parallel with and adjacent to all rear lot lines for purposes of utilities and drainage, as well as 5 feet along the southern boundary of Lot 16.

No lines or wires for the transmission of electric current or for telephone use, CATV, fire, or police signals, or for other purposes, shall be placed upon any lot outside the buildings thereon unless the same shall be underground or in conduit attached to the building.

RESTRICTIONS

No lot or portion of a lot in this plat shall be divided and sold or resold or ownership changed or transferred whereby the ownership of any portion of this plat shall be less than the area required for the use district in which located.
No development is permitted within the 15' Open Space Greenbelt Easement on lots 6,7 and 8.

SURVEYOR'S CERTIFICATE

I hereby certify that this plat of TOTEM WOODS is based upon an actual survey and subdivision of Section 33, Township 26 North, Range 5 East of W.M., that the courses and distances are shown correctly thereon; that the monuments will be set and the lot and block corners will be staked correctly on the ground as construction is completed and that I have fully complied with the provisions of the platting regulations.

GLEN E. MUGGY ... STATE OF WASHINGTON ... 12336 ... REGISTERED PROFESSIONAL LAND SURVEYOR

Glen E. Muggy, Jr., Professional Land Surveyor
Certificate No. 12336

APPROVALS

Approved by the City of Kirkland Planning Commission this 6th day of September 1979.

Planning Director

Chairman

Approved by the Kirkland City Council this 8th day of October 19 79.

Clerk, City of Kirkland

CITY OF KIRKLAND ... INCORPORATED ... SEAL ... 1905 ... STATE OF WASHINGTON

Mayor, City of Kirkland

Examined and approved this 6th day of September 19 79.

Department of Public Works

Director

Examined and approved this 9 day of OCTOBER 19 79.

Department of Assessments

Deputy King County Assessor

HARLEY H. HOPE
King County Assessor

CITY TREASURER'S CERTIFICATE

I hereby certify that there are no delinquent special assessments, and that all special assessments on any of the property herein contained dedicated as streets, alleys, or for other public use are paid in full.

This 4th day of OCTOBER, 19 79.

Department of Finance

Treasurer, City of Kirkland

COMPTROLLERS CERTIFICATE

I hereby certify that all property taxes are paid, that there are no delinquent special assessments certified to this office for collection and that all special assessments certified to this office for collection on any of the property herein contained, dedicated as streets, alleys or for other public use, are paid in full.
This 10TH day of OCTOBER 1979.

OFFICE OF THE COMPTROLLER

WILLIAM L. PARSONS
King County Comptroller

Deputy Comptroller

RECORDING CERTIFICATE

Filed for record at the request of the City of Kirkland this

_____ day of _____ 19 _____, at

_____ minutes past _____M, and recorded in volume _____

of Plats, on page _____, records of King County, Washington.

_____ _____

TRIAD ASSOCIATES 78-240

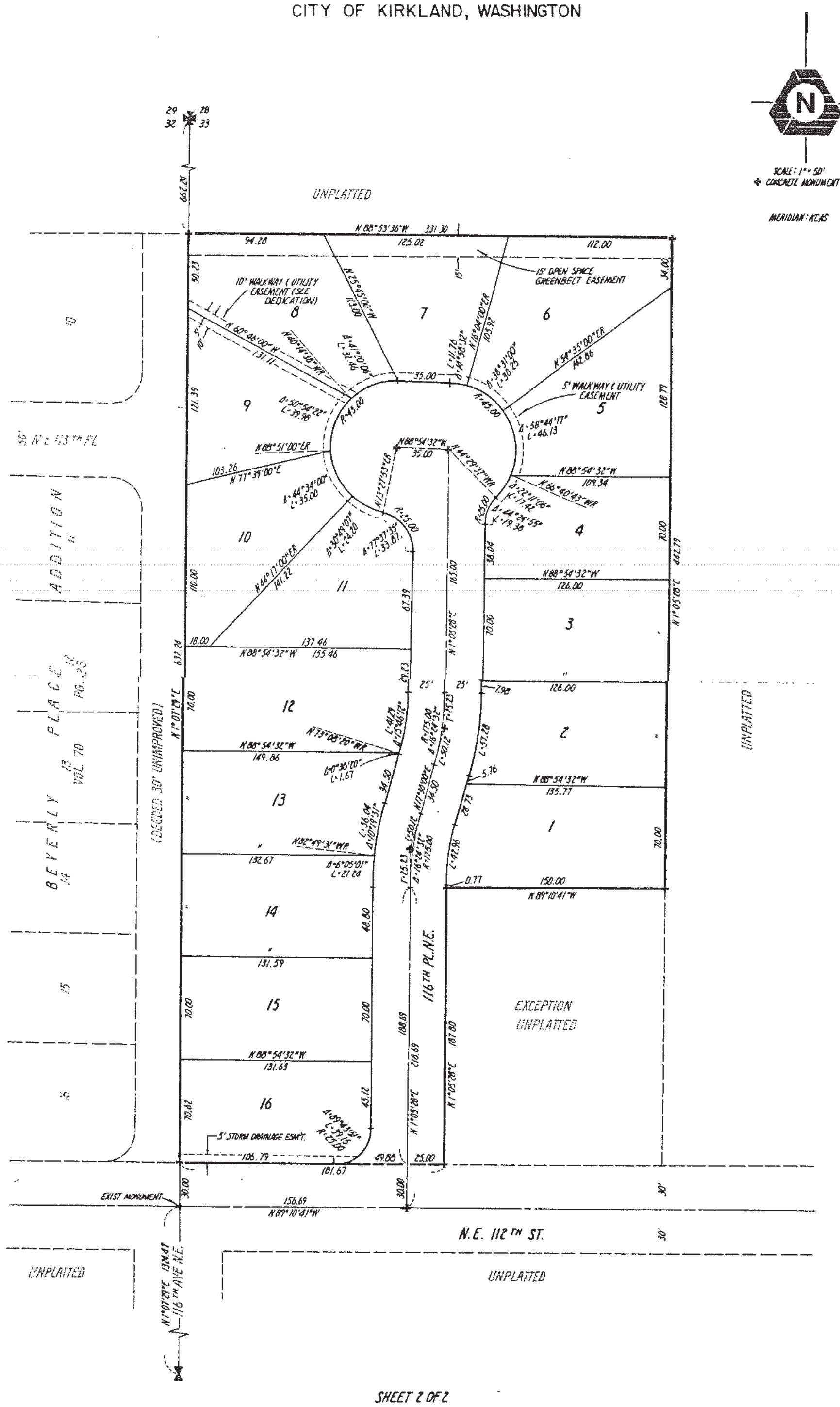
SHEET 1 OF 2

TOTEM WOODS

7910100805 112/72-73

SEC. 33, T.26N., R.5E., W.M.

CITY OF KIRKLAND, WASHINGTON



TRIAD ASSOCIATES
78-240

SHEET 2 OF 2

FILED FOR RECORD AT REQUEST OF
LASECO TITLE INSURANCE COMPANY
2515 4TH AVENUE, SEATTLE, WA 98121

42838 RD/ey

7912200234

DECLARATION OF

COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS OF TOTEM WOODS

1. DEFINITIONS

The following words when used in this declaration or any supplemental declaration (unless the context shall prohibit) shall have the following meanings:

a.) "The Property" shall mean all such existing property subject to this declaration or any supplemental declaration.

b.) "Lot" shall mean any plot of land shown upon any recorded plat of the properties.

c.) "Owner" shall mean the record owner, whether one or more persons or entities, and specifically including the developer, of the fee simple title to any lot situated upon the properties, but shall not include a contract seller or a mortgagee.

d.) "Contract Purchaser" shall mean any person or persons acquiring fee simple title to any lot or lots by a real property contract of sale.

e.) "Developer" shall mean and refer to G. T. Properties and their successors and assigns. The term "successors and assigns" as used in this sub-paragraph "e.)" does not include purchasers from the developer (or from its successors and assigns) of individual lots.

f.) "A.C.C." shall mean and refer to the Architectural Control Committee as provided for and defined in these covenants.

2. PROPERTY SUBJECT TO THIS DECLARATION

ST9

The real property which is, and shall be, held, transferred, sold, conveyed, and occupied subject to this declaration is as follows:

Lots 1 through 16, inclusive, TOTEM WOODS, according to the Plat recorded in Volume 112 of Plats, Pages 72 and 73, in King County, Washington.

7912200234

3. GENERAL PROVISIONS

These restrictive covenants shall run with the land and shall be binding upon all parties thereto and all persons claiming under them, for a period of thirty (30) years from the date of recording of this instrument, at which time said restrictive covenant shall be automatically extended for successive periods of ten (10) years unless seventy percent (70%) or more of the owners and contract purchasers, by an instrument or instruments in writing duly signed and acknowledged by them, terminate said restrictive covenants insofar as they pertain to residential lots or building sites. Termination shall become effective upon the filing of such instrument of record, in the office of the Auditor in King County. These restrictive covenants may not be amended without the approval of the developer until after a single family residence has been constructed and completed on each lot or building site as defined herein, and only by an instrument properly executed and acknowledged by 70% or more of the owners and contract purchasers, which shall be recorded in the office of the Auditor in King County, Washington.

4. ARCHITECTURAL CONTROL COMMITTEE

The Architectural Control Committee (A.C.C.) shall initially consist of the following three (3) members:

Tom Lash
Gordon Shadoan
Gunilla Shadoan

The members of the A.C.C. shall serve without compensation. Members of the committee shall serve for a period of one (1) year, and shall elect their own successors.

At such time as all lots have been developed and/or when G. T. Properties has sold its interest in all lots in the development, it may notify the various owners of lots that it is relinquishing its duties in all respects (architectural control, collection of maintenance fees, etc.) and upon said notice the lot owners shall become the Architectural Control Committee, and it shall be their responsibility for enforcement of covenants, maintenance fees, etc.

In the case of the death, disability or resignation of any member or members of the A.C.C., the surviving or remaining member or members shall have full authority to designate a successor.

The A.C.C. shall have the authority to approve or disapprove modifications to the property as herein described, and to enforce these covenants as they deem proper.

The Architectural Control Committee shall have the authority, in any individual case, to make such exceptions to the building setbacks and fence requirements set forth herein as said committee shall in its uncontrolled discretion deem necessary or advisable.

5. PLAT RESTRICTIONS

No lots or portions of a lot in this plat shall be divided, sold, re-sold, ownership changed or transferred whereby the ownership of portion of this plat shall be less than the area required for use district in which located.

6. BUILDING RESTRICTIONS

All lots as recorded in the plat shall be known and described as "residential lots". A building site shall consist of at least:

a.) one or more residential lots as shown on said plat, or

b.) a parcel composed on only a portion of such residential lots, the area of which parcel shall be not less than that required for the use district in which it is located.

The following building restrictions must be adhered to:

a.) No building or structure shall be erected, constructed, maintained or permitted upon such residential lots, except upon a building site as herein defined.

b.) No building or structures shall be erected, constructed, maintained or permitted upon a building site other than one detached single family dwelling for single family occupancy only, not to exceed two stories in height, and have a private garage or carport for not more than three standard size automobiles.

c.) No dwelling shall be permitted on any lot or building site at a buyer's cost of less than $65,000.00, including land based upon cost levels prevailing on the date these covenants are recorded. The intent and purpose of the covenant is to assure that all dwellings shall be of the quality of workmanship and materials, substantially the same or better than that which can be produced on the date these covenants are recorded, at the minimum cost stated herein for the minimum permitted dwelling size.

d.) The ground floor area of the main structure, exclusive of one story open porches and garages, shall not be less than thirteen hundred (1300) square feet for a one story dwelling, nor less than eight hundred (800) square feet for a completely finished dwelling of more than one story, and minimum of one thousand one hundred fifty (1150) square feet for a dwelling of more than one story, with an unfinished basement unless approved by the A.C.C.

7. BUILDING AND LANDSCAPING LIMITS

The following building and landscaping limits must be adhered to:

a.) No dwelling house or garage or any part thereof, or any other structure (exclusive of fences, and similiar structures) shall be placed on any lot or building site nearer than the distance allowed by City of Kirkland. Any variance must be pre-approved by the A.C.C.

7912200234

7. BUILDING AND LANDSCAPING LIMITS (continued)

b.) Unless otherwise approved by the A. C. C., all garages and carport must be attached to, or incorporated in and made a part of the dwelling houses. In granting deviations, the A. C. C. will consider functional necessity and architectural desirability.

c.) No fence, wall, hedge or mass planting, other than foundation planting, shall be permitted to extend nearer to any street than the minimum setback line of the residence, except that nothing shall prevent the erection of a necessary retaining wall, the top of which does not extend more than two(2) feet above the finished grade at the back of said retaining wall, provided however, that no fence, wall, hedge or mass planting shall at any time, where permitted, extend higher than six (6) feet above ground. All fences, hedges, or boundary walls situated anywhere upon any residential lot or building site must be approved in writing by the A. C. C. as to its height and design prior to construction. Fences shall be well constructed of suitable fencing materials and shall be artistic in design and shall not detract from the appearance of the dwelling house located upon the lot or building site or be offensive to the owners or occupants thereof, or detract from the appearance of the dwelling houses located on the adjacent lots or building sites. The finished side of any fence (as approved by the A. C. C.) that is visible from neighboring property or streets shall face the neighboring property or street. The finished side of any such fence shall be a side wherein any supporting rails are either not exposed or are evenly divided as to exposure between the two fence sides. Fences constructed of wire, including woven cyclone wire types, are strictly prohibited unless individually approved by the A. C. C. for specific purposes.

d.) No trees or shrubs of any type, other than those existing at the time these restrictive covenants are filed, shall be allowed to grow in height to a point where they shall noticeably and unreasonably interfere with a view from another residence. The A. C. C. shall be the sole judge in deciding whether there has been such unreasonalbe interference. Should the A. C. C. determine that there is an unreasonable interference, they shall notify the owner in writing, specifying the nature of the interference, what should be done to eliminate it, and the time by which said interference must be eliminated by the owner.

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7. BUILDING AND LANDSCAPING LIMITS (continued)

e.) No lines or wires for the transmission of current or for telephone use shall be constructed, placed or permitted to be placed upon any residential lot or building site outside the buildings thereon unless the same shall be underground or in conduit attached to a building. Nor shall any rotary antenna, tower, beam, or other similiar device be constructed on any residential site or building without the written approval of the A.C.C. Standard type rooftop T.V. and radio antenna permitted.

f.) Lot 6 shall be restricted to a single story building.

g.) Owner to use roof material of shingle or better. No built-up tar and gravel roofs. No T-111 siding will be used in construction of homes on these lots unless approved by A.C.C.

8. USE RESTRICTIONS

The following use restrictions must be adhered to:

a.) No trade, craft, business profession, commercial or manufacturing enterprise or business or commercial activity of any kind, including day schools, nurseries, or church schools shall be conducted or carried on upon any residential lot or building site, or within any building located on a residential lot or building site, nor shall any goods, equipment, vehicles (including buses, boats, campers, trucks, andn railers of any description) or materials or supplies used in connection with any trade, service, business or personal endeavor, wherever the same may be conducted, kept, parked, stored, dismantled, or repaired outside on any residential lot, building site or any street within the existing property; nor shall anything be done on any residential lot or building site which may be or may become an annoyance or nuisance to the neighborhood. No premises shall be used for any other purpose, except for the purpose of a private dwelling or residence.

b.) No trash, garbage, ashes, refuse, junk vehicles, underbrush, or other unsightly growths or objects, shall be thrown, dumped or allowed to accumulate on any lot, building site or public street.

c.) No trailer, camper, basement, tent, shack, garage, barn, or other outbuilding or temporary structure erected or situated wit in the property shall at any time be used as a residence temporarily or permanently, nor shall any permanent building or structure be used as a residence until it is completed as to external appearance, including finished painting. The permission hereby granted to erect a permanent garage or other building prior to construction of the main dwelling house shall not be construed to permit the construction, erection, or maintenance of any building of any nature, whatsoever at any time without the approval required by the A.C.C.

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8. USE RESTRICTIONS (continued)

d.) The streets in front of the lots shall not be used for the overnight parking of any vehicles, other than private family automobiles, and shall not be used for the storing of any boats, trailers, camper vehicles, trucks or other vehicles of any nature. No boat, boat trailer, house trailer, camper, or other vehicle, other than private family automobiles, shall be stored or permitted to remain on any residential lot or building site unless the same is stored or placed in a garage or other screened area as approved by the A.C.C.

e.) No live poultry or animals shall be permitted on said property other than songbirds, and not more than two (2) dogs and two (2) cats as household pets.

f.) All mailboxes must be of a standard accepted by the United States Postal authorities, and must be located in those areas so designated by the United States Postal Department. Structures containing such mailboxes must be approved by the A.C.C.

g.) Trash, garbage, or other waste shall not be kept except in sanitary containers. All equipment shall be kept in a clean and sanitary condition. All containers must be buried or screened so as to not be visible from any street, adjacent properties or residence.

h.) No sign of any kind shall be displayed, unless written approval is received from the A.C.C., with the exception of a real estate "for-sale" or "for-rent" sign the maximum size of which shall be two feet by three feet.

i.) No exterior clothes lines are allowed that can be seen from any street, adjacent properties or residences.

j.) No building or construction materials to be used for future improvements may be stored out of doors where they may be visible from any street, adjacent properties or residences.

k.) No wood piles, for fireplace or other use, may be stored out of doors where they may be visible from any street, adjacent properties or residences, if stacked in an unsightly manner.

l.) No children's play areas, including but not limited to, sandboxes, swing sets, jungle-jim sets, etc., may be installed or maintained in a manner such that they are an objectionable feature in the neighborhood. The A.C.C. will determine whether or not the facility is objectionable.

9. APPROVAL OF PLANS BY ARCHITECTURAL CONTROL COMMITTEE

All buildings and structures including concrete or masonry walls, rockeries, fences, swimming pools, or other structures to be constructed within the property shall be approved by the A.C.C. Complete plans and specifications of all proposed buildings, structures, and exterior

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9. APPROVAL OF PLANS BY ARCHITECTURAL CONTROL COMMITTEE (continued)

alterations together with detailed plans showing the proposed location of the same, in the particular building site, shall be submitted to the A.C.C. before construction or alteration is started. Such construction or alteration shall not be started until written approval thereof is given by the A.C.C.

The A.C.C. will review submittals as to the quality of workmanship and materials planned, and for conformity and harmony of the external design with existing structures on the said residential lots or building sites, and as to location of the building with respect to topography, finish grade elevation and building setback restrictions.

In the event the A.C.C. fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, such approval will not be required.

All plans and specifications for approval by the A.C.C. must be submitted in duplicate, at least ten (10) days prior to the proposed construction starting date. The maximum height of any residence shall be established by the A.C.C. as a part of the plan approval and shall be given in writing together with the approval. One set of approved plans must be on the job site at all times.

Said plans or specifications shall be prepared by an architect or a competent house-designer approved by the A.C.C. Two complete sets of said plans and specifications shall in each case be delivered to and permanently left with the A.C.C. All buildings or structures shall be erected or constructed by a contractor or house builder approved by the A.C.C.

As to all improvements, constructions and alterations within the property, the A.C.C. shall have the right to refuse to approve any design, plan or color for such improvements, construction or alterations which are not suitable or desirable in the A.C.C.'s opinion for any reason, aesthetic or otherwise. In so passing upon such design, the A.C.C. shall have the right to take into consideration the suitability of the proposed building or other structure, the material of which it is to be built, the exterior color scheme to the site upon which it is proposed to erect the same, the harmony thereof with the surroundings, the effect or impairment that said structures will have on the view or outlook of surrounding building sites, and any and all factors, which in the A.C.C.'s opinion, shall effect the desirability or suitability of such proposed structure, improvements or alterations.

The A.C.C. shall have the right to disapprove the design or installation of a swimming pool or any other recreational structure or equipment which is not suitable or desirable, in the A.C.C.'s opinion for any reason, aesthetic or otherwise. In so passing upon such design or proposed installation, the A.C.C. shall have the right to take into

9. APPROVAL OF PLANS BY ARCHITECTURAL CONTROL COMMITTEE (continued)

consideration the visual impact of the structure and the noise impact of the related activities upon all of the properties located in the close proxim ty. Any enclosure or cover used in connection with such a recreational structure or equipment, whether temporary, collapsible, seasonal, or whatever, shall be treated as a permanent structure for the purposes of these covenants and shall be subject to all the conditions, restrictions, and requirements as set forth herein for all buildings and structures.

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10. ENFORCEMENT POWERS

The provisions of this declaration are declared to create mutual, equitable covenants and servitudes for the benefit of the developer, each owner or contract purchaser of a lot or building site subject to said covenants, conditions and restrictions and may be by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant, condition or restriction either to restrain violation and/or to recover damages, and failure of the developer, the Architectural Control Committee, any owner or contract purchaser to enforce any covenant restriction, or exercise any rights herein contained shall in no event be deemed a waiver of the right to do so thereafter. All costs incurred in enforcement shall be at the expense of the violator or violators.

Invalidation of any one of these covenants by judgement or court order shall in no way affect any of the other provisions which shall remain in full force and effect.

11. PROSECUTION OF CONSTRUCTION WORK

Any dwelling or structure erected or placed on any residential lot or building site in this subdivision shall be completed as to external appearance, including finished painting, within eight (8) months after date of commencement of construction and shall be connected to an acceptable sewage disposal facility.

All front yards and landscaping must be completed within six (6) months from the date of completion of the building or structure constructed theron. In the event of undue hardship, due to weather conditions, this provision may be waived upon written approval of the A.C.C.

12. EASEMENTS

Easements for installations and maintenance of utilities and drainage are hereby reserved on each lot as shown on the final approved plat of Totem Woods.

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12. EASEMENTS (continued)

IN WITNESS WHEREOF, the undersigned have affixed their signatures.

G. T. Properties, a joint venture

By: _____
THOMAS E. LASH

By: _____
EVA GUNILLA SHADOAN

STATE OF WASHINGTON,
County of _____

On this day personally appeared before me Thomas E. Lash, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged to me that he signed the same as his free and voluntary act and deed for the purposes therein mentioned.

Given under my hand and official seal this 18th day of December, 1979.

_____
Notary Public in and for the State of Washington, living at _____.

STATE OF WASHINGTON,
County of _____

On this day personally appeared before me Eva Gunilla Shadoan to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged to me that she signed the same as her free and voluntary act and deed for the purposes therein mentioned.

Given under my hand and official seal this 18th day of December, 1979.

_____
Notary Public in and for the State of Washington, residing at _____.

CHICAGO TITLE INS. CO
REF# 14826-1.
(22)

20140626001145
CHICAGO TITLE DT 166.00
PAGE-001 OF 022
06/26/2014 14:22
KING COUNTY, WA

Filed for record at request of;
After recording, return to:

HOMESTREET BANK
Attn: Residential Construction
2000 Two Union Square
601 Union Street
Seattle, WA 98101-2326

[HomeStreet] Bank

DEED OF TRUST
(with Fixture Filing)
(Washington)

RC81033 RELATIONSHIP ID: MERHO

Grantor(s): ☐ additional on page:___		MERIT HOMES, INC.
Grantee(s): ☐ additional on page:___	**Trustee:**	CHICAGO TITLE COMPANY OF WASHINGTON
	Beneficiary:	HOMESTREET BANK
Legal Description (abbreviated): ☒ Complete legal on EXHIBIT A		PTN OF THE NWQ NWQ SN 33-26-05
Assessor's tax parcel no(s).:		332605-9101-05
Related documents reference no(s).:		Not applicable

NOTICE TO RECORDER: THIS DOCUMENT CONTAINS A FIXTURE FILING AND SHOULD BE FILED AND INDEXED IN THE REAL ESTATE RECORDS NOT ONLY AS A DEED OF TRUST, BUT ALSO AS A FIXTURE FILING.

THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS, ASSIGNMENT OF PERMITS, CONTRACTS AND PLANS, AND FIXTURE FILING (the "***Deed of Trust***") dated this 23rd day of June, 2014, is made by and among MERIT HOMES, INC., a Washington corporation (collectively, if more than one individual or entity, the "***Grantor***"), whose address is 805 Kirkland Avenue, Suite 100, Kirkland, WA 98033; CHICAGO TITLE COMPANY OF WASHINGTON (the "***Trustee***"), whose address is 10500 NE 8th Street, Suite 600, Bellevue, WA 98004; and HOMESTREET BANK, a Washington state chartered savings bank, its successors, participants, and assigns (the "***Beneficiary***"), whose address is 601 Union Street, Suite 2000, Seattle, Washington 98101-2326.

Grantor is also referred to herein as "***Borrower***" and Beneficiary as "***Lender.***"

Notice to Borrower: **The Note secured by this Deed of Trust contains provisions for a variable interest rate.**

ARTICLE 1
GRANT IN TRUST AND SECURED OBLIGATIONS

1.1 Grant in Trust. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the purpose of securing payment and performance of the Secured Obligations defined and described in Section 1.2, below, for the benefit of Lender, Borrower hereby

irrevocably and unconditionally grants, transfers, bargains, conveys, and assigns to Trustee, in trust, with power of sale and right of entry and possession, and grants a security interest in, all estate, right, title and interest that Borrower now has or may later acquire in and to the following property (all or any part of such property, or any interest in all or any part of it, as the context may require, the "***Collateral***"), which Collateral is not used principally or primarily for agricultural or farming purposes:

1.1.1 Land, Appurtenances, Easements. That certain real property and all interests therein located in King County, Washington, more particularly described in EXHIBIT A attached hereto and incorporated herein by this reference, together with all existing and future easements, access rights, appurtenances, privileges, licenses, hereditaments, franchises and tenements, including all minerals, oil, gas, and other commercially valuable substances that may be in, under or produced from any part of such real property (collectively, the "***Land***");

1.1.2 Improvements. All buildings, structures, and improvements now located or later to be constructed on the Land (the "***Improvements***");

1.1.3 Related Real Property and Improvements. All real property, whether described in EXHIBIT A or not, that may be reasonably necessary or desirable to promote the present and any reasonable future beneficial use and enjoyment of the Land and Improvements, and improvements on such real property, and all appurtenances and other property and interests of any kind or character benefitting such real property;

1.1.4 Leases and Licenses. All existing and future leases, subleases, subtenancies, licenses, occupancy agreements, and concessions ("***Leases***") relating to the use and enjoyment of all or any part of the Project (defined below), and any and all deposits, guaranties and other agreements relating to or made in connection with any of the Leases;

1.1.5 Goods, Materials, Fixtures, Etc. All goods, materials, supplies, chattels, furniture, appliances, furnishings, fixtures, equipment, inventory, general intangibles, and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Project, whether stored on the Land or elsewhere, including all pipes, ditches and flumes, solar panels, and all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing fixtures, systems and equipment, all of which shall be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust;

1.1.6 Construction Materials and Equipment. All building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, that have been or later will be acquired for the purpose of being delivered to, incorporated into, or installed in or about the Land or Improvements;

1.1.7 Borrower Funds. All of Borrower's interest in and to the proceeds of the Loan or any Related Loan (defined below), whether disbursed or not; all present and future monetary deposits given by Borrower to any public or private utility with respect to utility services furnished to the Land or Improvements; and all accounts maintained by Borrower with Lender or any subsidiary or affiliate of Lender, including, without limitation, any interest reserve accounts, tax and insurance impound accounts, and any other accounts established in connection with any of the Secured Obligations;

1.1.8 Rents, Issues and Profits. All income, rents, security or similar deposits, revenues, issues, royalties, profits, earnings, products and proceeds of the Land or Improvements, including, without limitation, all rights to the payment of money, accounts, accounts receivable, reserves, deferred payments, refunds, cost savings, any award or other payment that Borrower may become entitled to receive with respect to any of the Leases as a result of or pursuant to any bankruptcy, insolvency or reorganization or similar proceedings involving any tenant under the Leases, insurance or condemnation proceeds, payments and deposits, and any proceeds from the sale of any Lots or Units, and any deposits on account thereof (collectively, the "***Rents, Issues and Profits***"); subject to the further terms of the assignment of Leases and Rents, Issues and Profits set forth herein;

1.1.9 Insurance; Eminent Domain. All of Borrower's rights under any and all contracts and policies of insurance with respect to the Land or Improvements, including, without limitation, the proceeds from any claims made or to be made under any such insurance policy, as well as the right to settle and compromise any such claims made or to be made with respect to the Land or Improvements, and all of Borrower's rights to any and all awards made in connection with any eminent domain or condemnation proceedings, or purchases in lieu thereof, of the whole or any part of the Land or Improvements;

1.1.10 Permits, Contracts and Plans. All of Borrower's right, title, and interest in all permits, approvals, commitments, designs, plans, specifications, surveys, plats, plat approvals, hearing examiner decisions, as-built drawings, architectural and engineering contracts, construction contracts and subcontracts, consulting agreements, financing commitments and agreements, joint development agreements, service and maintenance agreements, marketing and listing agreements, lot/unit reservation agreements, purchase and sale agreements, environmental or other reports, appraisals, warranties, and any and all other contracts, work product, development rights, and any and all rights or claims that relate to the construction of Improvements on or to the Land that Borrower may have against any person or entity supplying, or who has supplied, labor, materials, or services in connection with the construction of Improvements on the Land (collectively, the "***Permits, Contracts and Plans***");

1.1.11 Other Intangibles and Licenses. All trade names, trademarks, logos and other materials used to identify or advertise, or otherwise relating to the Project; and all other general intangibles relating to the Land or Improvements or any part thereof and now or hereafter owned by Borrower;

1.1.12 Miscellaneous Personal Property. Any and all personal property of any kind whatsoever, whether tangible or intangible, that is used or will be used in construction of, or is or will be placed upon or is derived from or used in any connection with the use, occupancy or enjoyment of, the Land or Improvements;

1.1.13 Rights Under Condominium Laws. All of Borrower's right, title, and interest in and to any and all units, common elements, special declarant rights, development rights, and any other rights relating to the Land or the Improvements, whether now existing or subsequently arising, under any and all laws now existing or later enacted relating to condominiums;

1.1.14 Rights Under Covenants, Homeowner's Associations. All of Borrower's rights under any declarations of covenants, conditions, and restrictions recorded for the Land or Improvements, including declarant rights, development rights, and all rights of Borrower in connection with any homeowner's association, condominium association, architectural control committee, or similar association or committee, established in connection with the Project, including Borrower's rights and powers to elect, appoint, and remove officers and directors of any such associations or committees;

1.1.15 Additional Property. Any additional personal property otherwise set forth herein or listed on any UCC-1 financing statement filed to perfect Lender's security interest hereunder;

1.1.16 Books and Records. All books and records pertaining to any and all of the property described above, including records stored on computer readable media, and a limited sublicense to use the computer hardware or software necessary to access such records ("***Books and Records***"); and

1.1.17 Proceeds. All proceeds of, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

The Land, Improvements, related real property, and all personal property now or hereafter installed on or used in connection with the Land and/or Improvements are collectively referred to herein as the "***Project***." The Project constitutes the bulk of, but not the entirety of, the Collateral.

1.2 Secured Obligations. Borrower makes the grant, conveyance, transfer and assignment set forth in Section 1.1 and grants the security interest set forth in Section 2.1 for the purpose of securing the following obligations (the "***Secured Obligations***") in any order of priority that Lender may choose:

1.2.1 Promissory Note. Payment of all obligations at any time owing under that certain Adjustable Rate Promissory Note payable by Borrower as maker, to the order of Lender, executed concurrently herewith (the "***Note***"), evidencing a loan from Lender to Borrower in the maximum outstanding principal amount of FIVE HUNDRED THIRTY SIX THOUSAND TWO HUNDRED FIFTY AND 00/100TH Dollars ($536,250.00) (the "***Loan***"), together with interest thereon at a variable rate and any modifications, extensions or renewals thereof, whether or not any such modification, extension or renewal is evidenced by a new or additional promissory note or notes;

1.2.2 Loan Documents. Payment and/or performance of each and every other obligation of Borrower under the Note, this Deed of Trust, any construction or land loan agreement executed in conjunction therewith (including any Standard Conditions to Closing and General Loan Terms and any Continuing Agreement Re Financial Reporting and Financial Covenants incorporated therein, the "***Loan Agreement***"), all other documents evidencing, securing, or otherwise governing the Loan (*specifically excluding, however, for purposes of establishing the Secured Obligations, any obligations of (a) Borrower as*

*a guarantor under any guaranty, (b) any other party as a guarantor under any guaranty of the Secured Obligations, or (c) Borrower or any other Party as an indemnitor under any environmental or hazardous substances indemnity agreement related to the Project (each an "**Independent Indemnity**")*), and any and all amendments, modifications, and supplements thereto (the "***Loan Documents***"), the provisions of which are incorporated herein by this reference;

1.2.3 Related Loan Documents. Payment and/or performance of each covenant and obligation to be performed pursuant to any and all loan documents (but specifically excluding any Independent Indemnity) (collectively, the "***Related Loan Documents***") that have been or may be executed by Borrower or related entities owned or controlled by, or under common ownership or control with, Borrower (collectively, the "***Affiliates***") evidencing, securing, or otherwise governing one or more present or future loans by Lender or its affiliates to Borrower or its Affiliates (collectively, the "***Related Loans***"), whether now existing or made in the future, together with any and all modifications, extensions and renewals thereof, including, without limitation, the following Related Loans:

Applicable Borrower	Loan No.	Original Note Amount
Merit Homes, Inc.	RC14875TEMP	$ 225,000.00
Merit Homes, Inc.	RC14876TEMP	$ 300,000.00
Merit Homes, Inc.	RC81006	$ 352,500.00
Merit Homes, Inc.	RC81026	$ 457,500.00
Wisti Lane, LLC	RC14871	$1,537,600.00
Wisti Lane, LLC	RC14918	$1,999,900.00
Wisti Lane, LLC	RC14944	$1,043,800.00
Wisti Lane, LLC	RC14955	$1,564,900.00

Nothing contained herein shall be construed as imposing an obligation upon Lender, or as evidencing Lender's intention, to make any Related Loan to Borrower or any Affiliate;

1.2.4 Future Obligations. Payment to Lender of all future advances, indebtedness and further sums and/or performance of such further obligations as Borrower or the then record owner of the Project or the then owner of the balance of the Collateral may undertake to pay and/or perform (whether as principal, surety, or guarantor) for the benefit of Lender when such borrowing and/or obligations are evidenced by a written instrument reciting that it or they are secured by this Deed of Trust; and

1.2.5 Modifications and Amendments. Payment and performance of all modifications, amendments, extensions, and renewals, however evidenced, of any of the Secured Obligations.

All persons who may have or acquire an interest in all or any part of the Collateral will be considered to have notice of, and will be bound by, the terms of the Secured Obligations and each other agreement or instrument made or entered into in connection with each of the Secured Obligations.

ARTICLE 2
SECURITY AGREEMENT

2.1 Grant of Security Interest. This Deed of Trust creates a lien on the Collateral, and constitutes an absolute assignment of the Rents, Issues and Profits and of the Leases, all in favor of Lender. To the extent that any part of the Collateral, including the Rents, Issues and Profits and the Leases, are or are determined to be personal property, Borrower, as debtor, hereby grants to Lender, as secured party, a security interest in such part of the Collateral as is determined to be personal property, to secure payment and performance of the Secured Obligations. As to such personal property, this Deed of Trust constitutes a security agreement under the Uniform Commercial Code of the state where the Project is located (the "***Project State***").

2.2 Perfection of Security Interest. Borrower hereby authorizes Lender to file one or more financing statements, continuation statements, financing statement amendments, and such other documents as Lender may from time to time require to perfect and continue the perfection of Lender's security interest

in any part of the Collateral. Borrower shall pay all fees and costs that Lender may incur in filing such documents in public offices and in obtaining such record searches as Lender may reasonably require. If any financing statement or other document is filed in the records normally pertaining to personal property, that filing shall not be construed as in any way derogating from or impairing the declaration and the stated intention of the parties hereto that the Collateral and all components thereof are, to the maximum extent possible, real property, or otherwise impair the rights or obligations of the parties under this Deed of Trust.

2.3 Fixture Filing. This Deed of Trust constitutes a financing statement filed as a fixture filing under the Uniform Commercial Code in effect in the Project State, as amended or recodified from time to time, covering any part of the Collateral that now is or later may become fixtures attached to the Land or Improvements. As this Deed of Trust secures advances to be used either for the acquisition of the Land or the construction of improvements thereon, or both, this Deed of Trust also constitutes a "construction mortgage" or "construction deed of trust" under the Uniform Commercial Code in effect in the Project State.

2.4 Nature of Collateral. Borrower and Lender agree that the filing of a financing statement in the records having to do with personal property shall never be construed as in any way derogating from or impairing the declaration and the stated intention of the parties hereto that the Collateral and all components thereof are, to the maximum extent possible, real property, subject to Lender's right on default to exercise, in any manner permitted by applicable law, those remedies (a) available to Lender under this Deed of Trust, (b) available to Lender as a secured party under the provisions of the UCC, or (c) otherwise provided for by law or available in equity. Whenever Lender's security is deemed to include personal property, Lender shall be entitled to foreclose against such property in connection with and as a part of any judicial or nonjudicial proceeding against the real property secured hereby, the parties hereby acknowledging that such foreclosure constitutes a commercially reasonable method of selling such property, or, in Lender's sole discretion and as permitted by applicable law, to pursue any and all other remedies afforded a secured party under the UCC or other applicable law. Upon the occurrence of an Event of Default, Borrower agrees to assemble all such property and make it available to the Trustee or Lender as secured party at a place to be designated by such party that is reasonably convenient to all parties.

ARTICLE 3
ASSIGNMENTS

3.1 Assignment of Leases and Rents.

3.1.1 Assignment. Borrower hereby irrevocably, presently, absolutely and unconditionally assigns and transfers to Lender: (a) the Rents, Issues and Profits, whether now due, past due, or to become due, together with the right, power, and authority to collect the same, (b) all Leases by or through Borrower as lessor, written or oral, now in existence or hereafter arising, and any and all extensions or renewals thereof, together with the right, power and authority of Borrower to alter, modify, or change the terms thereof or surrender, cancel, or terminate the same, and (c) any and all guarantees of any obligations of any lessee under any of the Leases (a "***Lessee***"). The assignments in this Section are absolute irrevocable assignments from Borrower to Lender and not merely the passing of security interests or assignments for security only.

3.1.2 Grant of License. Lender hereby confers upon Borrower a license ("***License***") to collect and retain the Rents, Issues and Profits as they become due and payable, and to administer the Leases, so long as no Event of Default, as defined below, exists and is continuing. If an Event of Default has occurred and is continuing, such License shall automatically terminate without notice to or demand upon Borrower and without regard to the adequacy of Lender's security under this Deed of Trust.

3.1.3 Collection and Application of Rents, Issues and Profits. Subject to the License granted to Borrower, Lender has the right, power, and authority to collect any and all Rents, Issues and Profits and administer the Leases. Borrower hereby appoints Lender its attorney-in-fact, coupled with an interest, to, at such times as Lender may choose in its sole discretion: (a) demand, receive and enforce payment of any and all Rents, Issues and Profits; (b) give receipts, releases, and satisfactions for any and all Rents, Issues and Profits; (c) sue either in the name of Borrower and/or in the name of Lender for any and all Rents, Issues and Profits; (d) perform any obligation, covenant or agreement of Borrower under any of the Leases, and, in exercising any of such obligations, pay all necessary costs and expenses, employ counsel and incur and pay attorneys' fees; (e) delegate any and all rights and powers given to Lender by this assignment of Leases and Rents; (f) appear in any bankruptcy, insolvency or reorganization proceeding involving any Lessee and to collect any award or payment due Borrower pursuant to any such proceeding; and/or (g) use such measures, legal or equitable, as in its discretion may carry out and effectuate the terms

and intent of this assignment. Lender's right to the Rents, Issues and Profits does not depend on whether or not Lender takes possession of the Project as permitted hereunder.

3.1.4 Borrower as Trustee. From and after the occurrence of an Event of Default, Borrower shall be the agent of Lender in collection of the Rents, Issues and Profits, and any Rents, Issues and Profits so collected by Borrower shall be held in trust by Borrower for the sole and exclusive benefit of Lender, and Borrower shall, within one (1) business day after receipt of any Rents, Issues and Profits, pay the same to Lender to be applied by Lender to the Loan.

3.1.5 Lender Not Responsible. Under no circumstances shall Lender have any duty to produce Rents, Issues and Profits from the Project. Regardless of whether or not Lender, in person or by agent, takes actual possession of the Project, Lender is not and shall not be deemed to be: (a) a "mortgagee in possession" for any purpose; (b) responsible for performing any of the obligations of the lessor under any Lease; (c) responsible for any waste committed by Lessees or any other parties, any dangerous or defective condition of the Project, or any negligence in the management, upkeep, repair, or control of the Project; (d) responsible for any loss sustained by Borrower resulting from Lender's failure to lease the Land or Improvements or from any other act or omission of Lender in managing the Project or administering the Leases; or (e) liable in any manner for the Project or the use, occupancy, enjoyment or operation of all or any part of it, except for such matters as may arise solely from the willful misconduct or bad faith of Lender.

3.1.6 Payment of Rents Directly to Lender. At any time, Lender may, at its option, notify any tenant or other parties of the existence of this assignment of Leases and Rents, Issues and Profits. Borrower hereby specificaliy authorizes, instructs, and directs each and every present and future Lessee of all or any part of the Land or Improvements to pay all unpaid and future Rents, Issues and Profits directly to Lender upon receipt of demand from Lender to so pay the same, and Borrower hereby agrees that each such present and future tenant, lessee and licensee may rely upon such written demand from Lender to so pay the Rents, Issues and Profits without any inquiry into whether there exists an Event of Default or whether Lender is otherwise entitled to the Rents, Issues and Profits. No proof of the occurrence of an Event of Default shall be required. Borrower hereby waives any right, claim or demand that Borrower may now or hereafter have against any present or future Lessee by reason of such payment of Rents, Issues and Profits to Lender, and any such payment shall discharge Lessee's obligation to make such payment to Borrower. For purposes of RCW 61.24.140, this Section constitutes written consent by Borrower, as landlord under the Leases, to the payment of Rents, Issues and Profits directly from the Lessees to Lender.

3.1.7 Leasing. Borrower shall not lease the Project or any part of it unless permitted under the Loan Agreement, and then only strictly in accordance with the Loan Agreement. If any leasing is permitted, Borrower shall not accept any deposit or prepayment under any Lease for any rental period exceeding one month, without Lender's prior written consent. Additionally, if the Project is a condominium and leasing of condominium units is permitted, Borrower shall take all actions necessary to ensure that its leasing activities do not render the Project a "conversion condominium" under applicable law.

3.1.8 Rights of Tenants. Lender shall have the right at its option to foreclose this Deed of Trust subject to the rights of any tenant or tenants on the Project.

3.1.9 Indemnity. Borrower shall indemnify, defend with counsel selected by Lender in its sole discretion, and hold Lender harmless from and against any and all claims, demands, liabilities, losses, lawsuits, judgments, damages, costs and expenses, including, without limitation, attorneys' fees and costs, to which Lender may be exposed or which Lender may incur in exercising any of its rights under this assignment.

3.1.10 Representations and Warranties of Borrower. Borrower represents and warrants to Lender that:

3.1.10.1 No Prior Assignments. There have been no prior assignments of its rights, title, and interest in, to, and under the Leases or the Rents, Issues and Profits;

3.1.10.2 Authority. Borrower has full power and authority to assign its rights, title, and interest in, to, and under the Leases and the Rents, Issues and Profits to Lender, and no consents or approvals of any other person or entities are necessary for Borrower to validly execute, deliver, and perform this assignment; and

3.1.10.3 No Defaults or Modifications. All covenants, conditions, and agreements set forth in the Leases and the Rents, Issues and Profits have been performed as required as of the date hereof and neither Borrower nor any other party is in default thereunder. Borrower shall not amend or modify any of the terms and conditions of the Leases without the prior written approval of Lender, nor shall Borrower assign, transfer, mortgage, or otherwise convey or encumber any of its rights, title, or interest in, to, or under the Leases or the Rents, Issues and Profits so long as any of the Secured Obligations remain unfulfilled.

3.1.11 Application of Rents, Issues and Profits. All Rents, Issues and Profits received by Lender shall be applied by Lender to the Secured Obligations in any order of application determined by Lender in its sole discretion. Lender shall have no liability for any Rents, Issues and Profits that it does not actually receive.

3.2 Assignment of Permits, Contracts, and Plans. In addition to and without in any way derogating from the security interest granted Lender in the Collateral, Borrower hereby assigns, grants, transfers, and sets over unto Lender, Borrower's right, title, and interest in, to, and under any and all Permits, Contracts and Plans.

3.2.1 Security for Loan. This assignment is made as additional security for the payment and performance of all of the Secured Obligations.

3.2.2 Liabilities. Lender does not assume any obligations or duties of Borrower under the Permits, Contracts and Plans unless and until Lender has been given written notice to Borrower that Lender is exercising its right to complete or cause the completion of construction of the Project in accordance with the terms of the Loan Documents. If Lender does not directly undertake to complete development or construction of the Project, Lender may assign such Permits, Contracts and Plans to, and such obligations and duties of Borrower in connection with the Permits, Contracts and Plans shall be assumed by, the person or entity designated by the Lender for the purpose of completing such development or construction, and Lender shall have no liability whatsoever for the performance of any such obligations or duties.

3.2.3 Representations and Warranties of Borrower. Borrower represents and warrants to Lender that:

3.2.3.1 No Prior Assignments. There have been no prior assignments of its rights, title, and interest in, to, and under the Permits, Contracts and Plans;

3.2.3.2 Authority. Borrower has full power and authority to assign its rights, title, and interest in, to, and under the Permits, Contracts and Plans to Lender, and no consents or approvals of any other person or entities are necessary for Borrower to validly execute, deliver, and perform this assignment; and

3.2.3.3 No Defaults or Modifications. All covenants, conditions, and agreements set forth in the Permits, Contracts and Plans have been performed as required as of the date hereof and neither Borrower nor any other party is in default thereunder. Borrower shall not amend or modify any of the terms and conditions of the Permits, Contracts and Plans without the prior written approval of Lender, nor shall Borrower assign, transfer, mortgage, or otherwise convey or encumber any of its rights, title, or interest in, to, or under the Permits, Contracts and Plans so long as any of Borrower's obligations under the Loan Documents remain unfulfilled.

3.2.4 Attorney-in-Fact. Borrower hereby irrevocably constitutes and appoints Lender as its attorney-in-fact, upon the occurrence of any Event of Default, to demand, receive, and enforce any and all of Borrower's rights under and with respect to the Permits, Contracts and Plans, and to perform any and all acts with respect to the Permits, Contracts and Plans that Lender deems necessary or desirable with the same force and effect as if performed by Borrower in the absence of this assignment.

3.2.5 Assignment for Security. This assignment is for security purposes only. Lender shall have no right pursuant to this assignment to enforce Borrower's rights with respect to the Permits, Contracts and Plans until the occurrence of an Event of Default. Upon the occurrence of any Event of Default, Lender, without affecting any of its rights or remedies against Borrower under any other instrument, document, or assignment, may exercise its rights under this assignment or in any other manner permitted by applicable law, and in addition, Lender shall have and possess, without limitation, any and all rights and remedies of a secured party under the UCC or as otherwise provided by law.

3.2.6 Indemnity. Borrower shall indemnify, defend with counsel selected by Lender in its sole discretion, and hold Lender harmless from and against any and all claims, demands, liabilities, losses, lawsuits, judgments, damages, costs and expenses, including, without limitation, attorneys' fees and costs, to which Lender may be exposed or which Lender may incur in exercising any of its rights under this assignment.

ARTICLE 4
RIGHTS AND DUTIES OF THE PARTIES

4.1 Performance of Secured Obligations. Borrower shall promptly pay and perform each Secured Obligation in accordance with its terms.

4.2 Representations and Warranties. Borrower represents and warrants that, except as previously disclosed and accepted by Lender in writing:

4.2.1 Title to Land and Improvements. Borrower holds fee simple title to all of the Land and Improvements, subject only to such exceptions and encumbrances as have been approved in writing by Lender (the "***Permitted Exceptions***"), and Borrower has or will have good title to all portions of the Collateral other than the Land and Improvements.

4.2.2 Title to Personal Property. Borrower owns any portion of the Collateral that is personal property free and clear of any security agreements, reservations of title, or conditional sales contracts, and there is no financing statement affecting such personal property on file in any public office other than in Lender's favor.

4.2.3 Right to Encumber/Priority. Borrower has the full and unlimited power, right, and authority to encumber the Collateral and assign the Rents, Issues and Profits, the Leases, and the Permits, Contracts and Plans. Upon recording of this Deed of Trust and filing of a UCC Financing Statement with respect to any portion of the Collateral that is determined to be personal property, this Deed of Trust will create a first and prior lien on the Collateral that is subject and subordinate to no other liens except for the Permitted Exceptions.

4.2.4 Commercial Purposes. The Loan and the other Secured Obligations were obtained by Borrower and will continue to be used for commercial or business purposes, other than agricultural, timber, or grazing purposes, and not for personal, family or household purposes.

4.2.5 Leases and Permits, Contracts, and Plans. True, correct, and complete copies of the Leases and the Permits, Contracts and Plans have been delivered to Lender, including all amendments, modifications, exhibits and addenda thereto, and no default exists under any of the Leases or the Permits, Contracts and Plans by any party, and no fact or circumstance exists under any of the Leases or the Permits, Contracts and Plans that, with the lapse of time or giving of notice or both, would constitute a default by any party under such Leases or the Permits, Contracts and Plans.

4.3 Taxes and Assessments. Borrower shall pay or cause to be paid when due, all general real and personal property taxes, special and supplemental real and personal property taxes and assessments, license fees, license taxes, levies, charges, penalties, or other taxes or similar impositions imposed by any public or quasi-public authority or utility company that are or may become a lien upon the Collateral or any portion thereof or interest therein, or that may cause any decrease in the value of the Collateral or any part of it. Borrower shall also pay when due all real property taxes, assessments, levies, and charges imposed by any public authority upon Lender by reason of its interest in the Collateral created hereby. All of the foregoing taxes, assessments, and other charges payable by Borrower with respect to the Collateral are collectively referred to as the "***Impositions.***" If requested by Lender, Borrower shall furnish Lender with receipts from the appropriate taxing authority or other proof satisfactory to Lender that all Impositions have been paid by the date upon which they become delinquent.

4.4 Liens, Charges and Encumbrances. Borrower shall not encumber or permit the encumbrance of the Collateral without Lender's prior written consent, and Borrower shall immediately discharge any lien on the Collateral to which Lender has not consented in writing. Borrower shall pay or cause to be paid when due all obligations secured by or reducible to liens and encumbrances that now or hereafter encumber or appear to encumber the Collateral or any part thereof, all claims for work or labor performed, or materials or supplies furnished, in connection with any work upon the Project, whether the lien, charge, or encumbrance is or would be senior or subordinate to this Deed of Trust; *provided, however,* that Borrower shall not be in default hereunder due to any such lien, charge, or encumbrance that is a

Permitted Exception. Lender hereby expressly reserves the right to advance any and all funds necessary to cure any and all such obligations, and/or claims.

4.5 Required Insurance. Borrower shall keep the following insurance coverages in effect with respect to the Collateral:

(a) builder's risk insurance against loss by fire and the hazards now or hereafter embraced by the standard "All Risk" form of insurance, including course of construction insurance covering theft of materials, in an amount equal at all times to the full insurable value of the Improvements. All such insurance coverage shall contain a "replacement cost endorsement" without reduction for depreciation, and shall also contain loss of rents and/or business interruption insurance coverage, a fluctuating value endorsement with a waiver of the co-insurance clause (or an agreed amount endorsement with an inflation guard endorsement), and shall contain such other endorsements as Lender may reasonably request. All such endorsements shall be in form and substance satisfactory to Lender;

(b) comprehensive public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Land or the Improvements in amounts and on terms acceptable to the Lender;

(c) flood insurance in an amount satisfactory to Lender and on terms satisfactory to Lender if the Land is located in a designated flood hazard area; and

(d) insurance against such similar or other hazards, casualties, liabilities, and contingencies, in such forms and amounts, as Lender may from time to time reasonably require.

Each insurance policy shall be with a company and in a form acceptable to Lender. Each hazard insurance policy shall include a Form 438BFU or equivalent mortgagee endorsement in favor of Lender. Each liability insurance policy shall name Lender as an additional insured. All required policies will provide for at least ten (10) days' written notice to Lender prior to the effective date of any cancellation or material amendment, including any reduction in the scope or limits of coverage. Borrower shall furnish to Lender the original of each required insurance policy, or a certified copy thereof together with a certificate of insurance setting forth the coverage, the limits of liability, the carrier, the policy number, and the expiration date. Borrower shall promptly furnish to Lender all renewal notices relating to the required insurance policies. Unless otherwise set forth herein, Borrower shall pay all premiums on insurance policies directly to the carrier. At least thirty (30) days prior to the expiration date of each such policy, Borrower shall furnish to Lender a renewal policy in a form acceptable to Lender, together with evidence that the renewal premium has been paid. As security for the Secured Obligations, Borrower hereby assigns to Lender all required insurance policies, together with all proceeds thereof, rights thereto, and all unearned premiums returnable upon cancellation.

4.6 Insurance and Condemnation Proceeds.

4.6.1 Payment to Lender. Borrower hereby absolutely and irrevocably assigns to Lender, and authorizes the payor to pay to Lender, the following claims, causes of action, awards, payments, and rights to payment, together with all interest that may accrue thereon (collectively, the "***Claims***"):

4.6.1.1 Condemnation Awards. All awards of damages and all other compensation payable directly or indirectly because of a condemnation, proposed condemnation, or taking for public or private use that affects all or part of the Collateral or any interest in it;

4.6.1.2 Warranty Claims. All awards, claims, and causes of action arising out of any warranty affecting all or any part of the Collateral, or for damage or injury to or decrease in value of all or part of the Collateral or any interest in it; and

4.6.1.3 Insurance Proceeds. All proceeds of any insurance policies payable because of damage or loss sustained to all or part of the Collateral.

4.6.2 Notice to Lender. Borrower shall immediately notify Lender in writing if: (i) any damage occurs or any injury or loss is sustained to all or part of the Collateral, whether or not covered by insurance or warranty, or any action or proceeding relating to any such damage, injury, or loss is commenced; or (ii) any offer is made, or any action or proceeding is commenced, that relates to any actual or proposed condemnation or taking of all or part of the Collateral.

4.6.3 Pursuit of Claims. Borrower shall pursue recovery of all Claims and defend its rights under any proceeding for condemnation of the Collateral or any part thereof and prosecute the same with due diligence to its final disposition, and shall cause any awards or settlements to be paid over to Lender for disposition pursuant to the terms of this Deed of Trust. Lender may, at Lender's option and in Lender's sole discretion, as attorney-in-fact for Borrower, make proof of loss and adjust and compromise any Claims, appear in or prosecute any action or proceeding to enforce the Claims, or participate in any action or proceeding relating to condemnation or taking of all or part of the Collateral, and may join Borrower in adjusting any loss covered by insurance. Borrower shall deliver or cause to be delivered to Lender such instruments as may be requested by Lender from time to time to permit Lender to take any such actions.

4.6.4 Application of Proceeds. All proceeds of the Claims that Borrower may receive or be entitled to receive shall be paid to Lender. Lender shall apply any proceeds received by it hereunder first to the payment of the reasonable costs and expenses incurred in the collection of the proceeds. Lender shall then apply the remaining balance of such proceeds (the "***Net Claims Proceeds***"), in its absolute discretion and without regard to the adequacy of its security: (i) to any of the Secured Obligations, notwithstanding the fact that Secured Obligations may not be due according to the terms thereof; (ii) to reimburse Borrower for the costs of reconstructing the Improvements or otherwise repairing or restoring the Collateral; or (iii) to Borrower. Notwithstanding the foregoing, if there are no outstanding Events of Default under any of the Loan Documents and Borrower establishes, to Lender's reasonable satisfaction, that Borrower has sufficient funds, including the Net Claims Proceeds, to fully rebuild or repair the Collateral within the remaining term of the Loan and without delaying the completion date of the Project, Lender shall make disbursements of the Net Claims Proceeds for purposes of repair or restoration of the Collateral in accordance with disbursement procedures and subject to disbursement conditions acceptable to Lender. If, after applying the Net Claims Proceeds to the Secured Obligations, Lender reasonably determines the remaining Collateral to be inadequate to secure the remaining Secured Obligations, Borrower shall, upon written demand from Lender, repay an amount that will reduce the remaining Secured Obligations to a balance for which adequate security is present.

4.6.5 Restoration. Whether or not Net Claims Proceeds are disbursed for reconstruction, restoration, or repair of the Collateral, Borrower shall promptly and diligently restore the Collateral to the equivalent of its condition immediately prior to the casualty or condemnation in accordance with the Plans or to such other condition as Lender may approve in writing

4.7 Maintenance and Preservation of the Collateral. Borrower covenants: (a) to maintain and preserve the Collateral in good condition and repair and in a prudent businesslike manner; (b) not to remove, demolish, or structurally alter the Collateral or any part thereof, or alter, restore or add to the Collateral, or initiate or allow any change in any zoning or other land use classification that affects the Collateral or any part of it, except with Lender's express prior written consent, and except such alterations as may be required by laws, ordinances, rules, regulations, or orders of governmental authorities or by the terms hereof; (c) to comply with and not suffer violations of any existing or future subdivision laws, building codes, zoning laws and regulations, and other laws, regulations, ordinances, rules, codes, orders, directives, guidelines, building restrictions, and requirements of, and all agreements with and commitments to, all federal, state, county or municipal governmental, judicial or legal authorities or agencies having jurisdiction over Borrower or the Project, including those pertaining to the construction, sale, lease, or financing of the Improvements, and all recorded covenants and restrictions affecting the Project (the "***Requirements***"); (d) not to commit or permit any waste to or deterioration of the Collateral; (e) to perform all other acts that from the character or use of the Collateral may be reasonably necessary to maintain and preserve its value; (f) to perform all obligations required to be performed under the Loan Documents, and all other obligations of Borrower pertaining to the Collateral; and (g) to execute and, where appropriate, acknowledge and deliver such further instruments as Lender or Trustee may deem necessary or appropriate to preserve, continue, perfect, and enjoy the security provided for herein.

4.8 Defense and Notice of Actions; Costs. Borrower shall, without liability, cost, or expense to Lender or Trustee, protect, preserve, and defend Borrower's fee interest in and to the Project and Borrower's interest in the Collateral, the security of this Deed of Trust, any additional or other security for the Secured Obligations, and the rights or powers of Lender or Trustee hereunder, against all adverse claims. Said protection, preservation, and defense shall include, without limitation, protection, preservation, and defense against all adverse claimants to and encumbrancers of Borrower's interest in the Collateral, whether or not such claimants or encumbrancers assert an interest paramount to that of Lender. Borrower shall give Lender and Trustee prompt notice in writing of the filing of any such action or proceeding. Borrower shall pay all costs, fees, and expenses, including, without limitation, costs of evidence of title, trustees' fees, and

reasonable attorneys' fees paid or incurred in any action or proceeding in which Lender and/or Trustee may appear or be made a party, whether or not pursued to final judgment, and in any exercise of the power of sale or other remedy contained herein, whether or not such sale is actually consummated or such other remedy is actually prosecuted to completion.

4.9 Right of Inspection. Lender, its agents, employees, and representatives shall have the right to enter the Project at any reasonable time for the purpose of inspecting the Project and ascertaining Borrower's compliance with the terms hereof and the other Loan Documents, and for such other purposes and in accordance with the terms specified in any of the other Loan Documents.

4.10 Compensation, Exculpation, Indemnification. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, becomes a public record as provided by law.

4.10.1 Compensation. Borrower agrees to pay fees in the maximum amounts legally permitted, or reasonable fees as may be charged by Lender and Trustee when the law provides no maximum limit, for any services that Lender or Trustee may render in connection with this Deed of Trust, including, without limitation, trustees' fees and related recording and other costs for full and partial reconveyances of this Deed of Trust. Borrower further agrees to pay or reimburse Lender for all costs, expenses, and other advances that may be incurred or made by Lender or Trustee in any efforts to enforce any terms of this Deed of Trust, whether any lawsuit is filed or not, or in defending any action or proceeding arising under or relating to this Deed of Trust, including attorneys' fees and other legal costs, costs of any Foreclosure Sale (as defined below) or bankruptcy proceeding affecting the Borrower or the Collateral, and any cost of evidence of title.

4.10.2 Exculpation. Lender shall not be directly or indirectly liable to Borrower or any other person as a consequence of: (i) Lender's exercise of or failure to exercise any rights, remedies, or powers granted to it in this Deed of Trust or to perform or discharge any obligation or liability of Borrower under any agreement related to the Collateral or under this Deed of Trust; or (ii) any loss sustained by Borrower or any third party resulting from any act or omission of Lender in managing the Project, unless the loss is caused solely by the willful misconduct or bad faith of Lender. Borrower hereby expressly waives and releases all liability of the types described above, and agrees that no such liability shall be asserted against or imposed upon Lender.

4.10.3 Indemnification. Borrower agrees to indemnify Trustee and Lender against, defend with counsel selected by Trustee or Lender for their respective defenses, and hold each of them and their respective officers, employees, agents, and representatives, harmless from and against any and all losses, damages, liabilities, claims, causes of action, judgments, court costs, attorneys' fees, and other legal expenses, cost of evidence of title, cost of evidence of value, and other costs and expenses that either may reasonably suffer or incur: (i) in performing any act required or permitted by this Deed of Trust or any of the other Loan Documents or by law; (ii) as a result of any Event of Default; or (iii) because of any alleged obligation of or undertaking by Lender to perform or discharge any of the representations, warranties, conditions, covenants, or other obligations in any document relating to the Collateral other than the Loan Documents. This agreement by Borrower to indemnify Trustee and Lender shall survive the release and cancellation of any or all of the Secured Obligations and the full or partial release and/or reconveyance of this Deed of Trust.

4.10.4 Payment by Borrower. Borrower shall fulfill all obligations to pay money arising under this Section immediately upon demand by Trustee or Lender. Each such obligation shall be added to, and considered to be part of, the principal of the Note, and shall bear interest from the date the obligation arises at the rate applicable to the principal balance of the Note, as such rate may be adjusted.

4.11 Permitted Actions.

4.11.1 Releases, Extensions, Modification, and Additional Security. From time to time, Lender may perform any of the following acts without incurring any liability or giving notice to any person: (i) release any person liable for payment of any Secured Obligation; (ii) extend the time for payment, or otherwise alter the terms of payment, of any Secured Obligation; (iii) accept additional real or personal property of any kind as security for any Secured Obligation; or (iv) alter, substitute, or release all or any portion of the Collateral.

4.11.2 Powers of Trustee. From time to time when requested to do so by Lender in writing, Trustee may perform any of the following acts without incurring any liability or giving notice to any person and without affecting the personal liability of any person for payment or performance of any of the

Secured Obligations: (i) consent to the making of any plat or map of the Project or any part of it; (ii) join in granting any easement or creating any covenant or restriction affecting the Project; (iii) join in any extension, subordination, or other agreement affecting this Deed of Trust or the lien of it; or (iv) reconvey, without any warranty, all or any part of the Collateral, upon Lender's written request.

4.12 Partial Reconveyance/Conditions of Partial Release. Upon Borrower's fulfillment of all of the terms and conditions set forth in the Loan Documents, Lender agrees, upon the written request of Borrower and satisfaction of the following release conditions, to direct Trustee to execute and deliver a partial reconveyance releasing from the lien of this Deed of Trust each of the separate Lots or Units that collectively constitute the Land (each Lot/Unit to be released is hereinafter referred to as a "***Release Unit***"): (i) there does not exist any uncured default under any of the Loan Documents or any event which, following notice and/or the expiration of any applicable cure period without a cure, would constitute an default thereunder, (ii) the Release Unit and the real property remaining subject to the Deed of Trust constitute legal and separately conveyable parcels or condominium units or common elements with reasonable and adequate access to public streets and utilities, in accordance with the Plans, (iii) Lender has received the release price for the Release Unit established in the Loan Documents (the "***Release Price***") and all other amounts currently due Lender pursuant to the terms of any of the Loan Documents, and (iv) Borrower pays all trustees' fees and recording and other costs associated with such reconveyance. Except as specifically provided in the Loan Documents, Lender shall not be obligated to reconvey the lien of the Deed of Trust, in whole or in part, until it has received payment in full of the Note and all amounts due Lender under any of the Loan Documents. Lender's acceptance of any payment or instruction to the Trustee to issue any partial reconveyance shall not affect Borrower's obligation to repay all amounts that remain owing under the Loan Documents or the security of this Deed of Trust regarding any Collateral that is not reconveyed. If Lender does not require satisfaction of all of the conditions set forth above before releasing one or more Release Units, that alone shall not be a waiver of such conditions, and Lender reserves the right to require their satisfaction in full before releasing any additional Lots or Units from this Deed of Trust.

4.13 Full Reconveyance. When all of Borrower's obligations under the Loan Documents have been paid in full and there exists no default under any Related Loan, Lender shall request Trustee in writing to reconvey the Collateral, and shall surrender this Deed of Trust and the Note to Trustee. When Trustee receives Lender's written request for reconveyance and all reconveyance fees, recording fees, and other fees and expenses owing to it by Borrower hereunder, Trustee shall reconvey the Collateral, or so much of it as is then held under this Deed of Trust, without warranty to the person or persons legally entitled to it. In the reconveyance, the grantee may be described as "the person or persons legally entitled thereto," and the recitals of any matters or facts shall be conclusive proof of their truthfulness. Neither Lender nor Trustee shall have any duty to determine the right of persons claiming to be rightful grantees of any reconveyance.

4.14 Late Charge. If Borrower fails to make any payment of an amount due and payable under this Deed of Trust, a late charge as specified in the Note may be charged by Lender for the purpose of defraying the extra administrative expenses incident to handling such delinquent payment and the loss of the use of funds resulting from Borrower's non-payment when due.

4.15 Subrogation. Lender shall be subrogated to the liens of all encumbrances, whether released of record or not, that are discharged in whole or in part by Lender in accordance with this Deed of Trust or with the proceeds of the Loan.

4.16 Notice of Change. Borrower shall give Lender prior written notice of any change in: (i) the location of its place of business or its chief executive office if it has more than one place of business; (ii) the location of any of the Collateral, including the Books and Records; and (iii) Borrower's name or business structure. Unless approved by Lender in writing, all Collateral that consists of personal property (other than the Books and Records) will be located at the Project and all Books and Records will be located at Borrower's place of business, or chief executive office if Borrower has more than one place of business.

4.17 Substitution of Trustee. Lender may appoint a successor trustee by an instrument executed and acknowledged by Lender and recorded in the county in which this Deed of Trust is recorded, and upon such recordation, the successor trustee shall become vested with the same powers, rights, duties, and authority of the Trustee with the same effect as if originally made Trustee hereunder.

ARTICLE 5
DEFAULTS AND REMEDIES

5.1 Events of Default. The occurrence of any one or more of the following events shall constitute an "***Event of Default***" (some or all, collectively, "***Events of Default***"):

5.1.1 Default Under Loan Documents. An Event of Default occurs as defined under the Loan Agreement or any other Loan Document.

5.1.2 Unauthorized Transfer. A transfer, purported transfer, or change of ownership or control of Borrower in violation of the provisions of this Deed of Trust.

5.1.3 Default Under Related Loan Documents. An Event of Default occurs as defined in and arising under any Related Loan Document.

5.2 Rights and Remedies. At any time after the occurrence of an Event of Default hereunder, Lender and/or Trustee shall have all of the rights and remedies described below, in addition to any other rights and remedies of Lender under the Loan Agreement, the other Loan Documents, or the Related Loan Documents:

5.2.1 Receiver. Without regard to the then-current value of the Collateral or the interest of Borrower therein, Lender may apply to any court having jurisdiction to appoint receivers for appointment of a custodial or general receiver (at Lender's sole election) for the Collateral or any portion thereof. Any appointment of a general receiver shall grant the general receiver a power of sale over the Collateral. Borrower hereby irrevocably consents to the appointment of a custodial receiver or general receiver with power of sale upon any Event of Default. Any such receiver shall have the usual powers and duties of receivers in like or similar cases, all the powers and duties of Lender set forth in this Deed of Trust or any of the other Loan Documents, and, in the case of a general receiver, a right to sell the Collateral at Lender's direction. Employment by Lender shall not disqualify a person from serving as receiver.

5.2.2 Cure; Protection of Security. With or without notice, and without releasing Borrower from any obligation hereunder, Lender may (but shall not be obligated to) cure any breach or default of Borrower, and do any and all other things that it may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust.

5.2.3 Entry. Lender, in person, by agent, or by court-appointed receiver, with or without bringing any action or proceeding, may terminate Borrower's right and license to collect the Rents, Issues and Profits and to administer the Leases, and enter, take possession of, complete construction on, manage and operate, and lease or sell, all or any part of the Collateral, and may also do any and all other things in connection with those actions that Lender may in its sole discretion consider necessary or appropriate to protect the security of this Deed of Trust or that are otherwise permitted to be taken or conducted by Lender under the Loan Agreement. If Lender so requests, Borrower shall assemble any Collateral that has been removed from the Project and make all of it available to Lender at the Project site. The entering upon and taking possession of the Project, the collection of the Rents, Issues and Profits and the application thereof, or any of such acts, shall not cure or waive any default or notice of default hereunder or invalidate any other right or remedy that Lender may have in response to such default or pursuant to such notice and, notwithstanding the continued possession of the Project or the collection, receipt, and application of the Rents, Issues and Profits by Lender, Trustee, or Lender's receiver or agent, Trustee or Lender shall be entitled to exercise every right provided for in any of the Loan Documents or by law upon the occurrence of any Event of Default.

5.2.4 Uniform Commercial Code Remedies. With respect to all or any part of the Collateral that constitutes personal property, Lender shall have all of, and may exercise any or all of, the rights and remedies of a secured party under the Uniform Commercial Code in effect in the Project State.

5.2.5 Judicial Action. Lender may commence and maintain an action or actions in any court of competent jurisdiction to foreclose this instrument as a mortgage or to obtain specific enforcement of the covenants of Borrower hereunder, and Borrower agrees that such covenants shall be specifically enforceable by injunction or any other appropriate equitable remedy and that Borrower waives the defense of laches and any applicable statute of limitations. If this Deed of Trust is foreclosed by judicial action, and the Collateral sold at a foreclosure sale, the purchaser may, during any applicable redemption period, make such repairs or alterations to the Project as may be reasonably necessary for the proper operation, care, preservation, protection, and insuring thereof. Any sums so paid, together with interest thereon from the time of such expenditure at the lesser of the default rate under the Note, or the maximum rate permitted by law, shall be added to and become a part of the amount required to be paid for redemption from such sale. In addition, Lender will be entitled to a judgment providing that, if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for the deficiency.

5.2.6 Realization on Security. Lender may resort to and realize upon or waive the security hereunder and any other security now or hereafter held by Lender in such order and manner as Trustee and Lender or either of them may, in their sole discretion, determine, and resort to such security may be taken concurrently or successively and in one or several consolidated or independent judicial actions or lawfully taken non-judicial proceedings, or both.

5.2.7 Power of Sale. Upon the occurrence of an Event of Default, Lender may cause Trustee to invoke Trustee's power of sale to cause all or part of the Collateral to be sold to satisfy the Secured Obligations. Under this power of sale, Lender and Trustee shall have the discretionary right to cause some or all of the Collateral, including any Collateral that constitutes personal property, to be sold or otherwise disposed of in any combination and in any manner permitted by applicable law.

5.2.7.1 Sales of Personal Property. For purposes of this power of sale, Lender may elect to treat as personal property any Collateral that is intangible or that can be severed from the Land or Improvements without causing structural damage. If it chooses to do so, Lender may dispose of any personal property separately from the sale of real property, in any manner permitted by the Uniform Commercial Code in effect in the Project State, including any public or private sale, or in any manner permitted by any other applicable law. Any proceeds of any such disposition shall not cure any Event of Default or reinstate any Secured Obligation.

5.2.7.2 Trustee's Sales of Real Property or Mixed Collateral. Lender may also choose to dispose of some or all of the Collateral that consists solely of real property in any manner then permitted by applicable law. In its discretion, Lender may also or alternatively choose to dispose of some or all of the Collateral in any combination consisting of both real and personal property, together in one sale to be held in accordance with the law and procedures applicable to real property, if and as permitted in the Project State. Borrower agrees that such a sale of personal property constitutes a commercially reasonable sale of the personal property. For purposes of this power of sale, either a sale of real property alone, or a sale of both real and personal property together, will sometimes be referred to as a "***Trustee's Sale***."

5.2.7.3 Trustee's Sale Procedures. Before any Trustee's Sale, Lender or Trustee shall give and record such notice of default and election to sell as may then be required by law. When all legally mandated time periods have elapsed, Trustee shall sell the Collateral being sold at a public auction to be held at the time and place specified in the notice of sale, and Lender may impose such terms and conditions of sale as are permitted or allowed by applicable law. From time to time in accordance with then applicable law, Trustee may, and in any event at Lender's request shall, continue any Trustee's Sale by public announcement at the time and place scheduled for that sale, or may, in its discretion, give a new notice of sale. Also, Lender may from time to time discontinue or rescind any notice of default or notice of sale before any Trustee's Sale as provided above, by executing and delivering to Trustee a written notice of such discontinuance or rescission. The exercise by Lender of such right of rescission shall not constitute a waiver of any Event of Default then existing or subsequently occurring, or impair the right of Lender to execute and deliver to Trustee, as above provided, other declarations or notices of default to satisfy the Secured Obligations, nor otherwise affect any provision, covenant, or condition of any Loan Document or Related Loan Documents, or any of the rights, obligations, or remedies of Trustee or Lender hereunder or thereunder.

5.2.7.4 Bidding at Trustee's Sale. At any Trustee's Sale, Trustee shall sell to the highest bidder at public auction for cash in lawful money of the United States, unless other terms and conditions of sale are prescribed by Lender in accordance with and as permitted by applicable law. Any person, including, without limitation, Borrower or Lender, may purchase at such sale, and Borrower hereby covenants to warrant and defend the title of such purchaser or purchasers. Trustee shall execute and deliver to the purchaser(s) at such sale a deed or deeds conveying the property being sold without any covenant or warranty whatsoever, express or implied. The recitals in any such deed of any matters or facts, including any facts bearing upon the regularity or validity of any Trustee's Sale, shall be conclusive proof of their truthfulness.

5.2.8 Single or Multiple Foreclosure Sales. If the Collateral consists of more than one lot, parcel or item of property, Lender may: (i) designate the order in which the lots, parcels and/or items shall be sold or disposed of or offered for sale or disposition; and (ii) elect to dispose of the lots, parcels and/or items through a single consolidated sale or disposition to be held or made under the power of sale granted herein, or in connection with judicial proceedings, or by virtue of a judgment and decree of foreclosure and sale; or through two or more such sales or dispositions, each of which may be separately

noticed if so elected by Lender and permitted by applicable law; or in any other manner Lender may deem to be in its best interests (any such sale or disposition, a "***Foreclosure Sale***"). If it chooses to have more than one Foreclosure Sale, Lender at its option may cause the Foreclosure Sales to be held simultaneously or successively, on the same day, or on such different days and at such different times and places and in such order as it may deem to be in its best interests, all as may be permitted under applicable law. No Foreclosure Sale shall terminate or affect the lien of this Deed of Trust on any part of the Collateral that has not been sold until all of the Secured Obligations have been paid in full.

5.2.9 Credit Bidding. Upon sale of the Collateral at any judicial or non-judicial foreclosure, Lender may credit bid (as determined by Lender in its sole and absolute discretion) all or any portion of the Secured Obligations. In determining the amount of any credit bid, Lender may, but is not obligated to, take into account all or any of the following: (i) appraisals of the Collateral as such appraisals may be discounted or adjusted by Lender in its sole and absolute underwriting discretion; (ii) expenses and costs incurred by Lender with respect to the Collateral prior to foreclosure; (iii) expenses and costs Lender anticipates will be incurred with respect to the Collateral after foreclosure, but prior to resale, including, without limitation, the costs of any structural reports, environmental reports, or any remediation costs related thereto; (iv) anticipated discounts upon resale of the Collateral as a distressed or foreclosed property; and (v) such other factors or matters that Lender deems appropriate. In regard to the above, Beneficiary is not required to use any or all of the foregoing factors to determine the amount of its credit bid and (a) this Section does not impose upon Beneficiary any additional obligations that are not imposed by law at the time the credit bid is made; (b) the amount of Beneficiary's credit bid need not have any relation to any loan-to-value ratios specified in the Loan Documents; and (c) Beneficiary's credit bid may be higher or lower than any appraised value of the Collateral.

5.2.10 Determination of Fair Value. To the extent applicable law requires that the "fair market value" or "fair value" of the Collateral be determined as of the foreclosure date in order to enforce a deficiency against Borrower or any other party liable for repayment of the Secured Obligations, the term "fair market value" or "fair value" shall include those matters required by law and the additional factors set forth below:

5.2.10.1 The Collateral shall be valued "as is" and "with all faults" and there shall be no assumption of restoration or refurbishment of Improvements, if any, after the date of the foreclosure.

5.2.10.2 An offset to the fair market value or fair value of the Collateral, as determined hereunder, shall be made by deducting from such value the reasonable estimated closing costs related to the sale of the Collateral, including, without limitation, brokerage commissions, real estate excise tax, title policy expenses, tax pro-rations, escrow fees, and other common charges that are incurred by the seller of real property.

Borrower shall pay the costs of any appraisals and other expenses incurred in connection with any such determination of fair market value or fair value.

5.2.11 Releases, Extensions, Modification and Additional Security. Without affecting the liability of any person for payment of any of the Secured Obligations, Lender may make any agreement or take any action extending the maturity or otherwise altering the terms or increasing the amount of any of the Secured Obligations, and accept additional security or release all or a portion of the Collateral and/or other security for the Secured Obligations.

5.2.12 Acceleration Not Required. Lender may take any of the actions permitted under Sections 5.2.1, 5.2.2, and/or 5.2.3 regardless of the adequacy of the security for the Secured Obligations, or whether any or all of the Secured Obligations have been declared to be immediately due and payable, or whether notice of default and election to sell has been given under this Deed of Trust.

5.3 Payment of Costs, Expenses, and Attorneys' Fees. All costs and expenses reasonably incurred by Trustee or Lender in enforcing the remedies available to them hereunder or otherwise protecting Lender's rights or interests (including, without limitation, court costs and attorneys' fees, whether incurred in litigation or not, expenses for evidence of title, appraisals and surveys and trustees' fees, and costs and fees relating to any bankruptcy, reorganization, or insolvency proceeding) shall constitute an additional obligation of Borrower to Lender and bear interest at the default rate of interest set forth in the Note from the date of expenditure until paid.

5.4 Remedies Not Exclusive. Trustee and/or Lender shall be entitled to enforce the payment and performance of any Secured Obligations and to exercise any and all rights and powers under this Deed of Trust, any other Loan Document, or any Related Loan Document, notwithstanding the fact that some or all of the Secured Obligations may now or hereafter be otherwise secured. Trustee and/or Lender shall be entitled to enforce all such rights concurrently or separately, in such order and manner as they or either of them may in their absolute discretion determine. No remedy is intended to be exclusive of any other remedy, but each shall be cumulative and in addition to the others, to the fullest extent permitted by law.

5.5 Application of Foreclosure Sale Proceeds. Lender shall apply the proceeds of any Trustee's Sale or other Foreclosure Sale to the Secured Obligations first, in the order of application required by law, and thereafter, in any order of application Lender determines in its sole discretion.

ARTICLE 6
ASSIGNMENT

6.1 No Assignment or Encumbrance by Borrower Without Lender's Consent. Borrower acknowledges and agrees that the Secured Obligations are personal to Borrower and that the identity of Borrower and its members, shareholders, partners and employees, and of any guarantors, and the relationship between Borrower and Lender, Borrower's creditworthiness, business expertise, financial condition, and continued control of the Collateral were material inducements upon which Lender relied in arranging the Secured Obligations. Accordingly, Borrower shall not, without Lender's prior written consent or as otherwise expressly permitted in the Loan Documents: (i) sell, convey, assign, encumber, or otherwise transfer any of its right, title, or interest in and to the Collateral or any other Project asset, whether such transfer or encumbrance is voluntary or by operation of law, (ii) sell, assign, or transfer its interest as borrower under the Secured Obligations, or (iii) transfer any stock or other ownership interest that would cause a material change in the control of Borrower (excluding, however, transfers of the interests of limited partners or non-managing members of Borrower if such transfers do not materially diminish the powers of the general partner or manager of Borrower or otherwise cause a material change in the rights to manage and control Borrower). Any attempted assignment without such prior written consent shall be null and void, and of no effect, and shall also constitute an Event of Default.

6.2 Conditions to Approval of Assignment. As a condition of approving any assignment, Lender may impose such requirements and conditions as it determines are appropriate in its sole discretion, including, without limitation, the requirement that Borrower and the assuming party pay, in advance, any and all reasonable costs and expenses, including reasonable attorney's and accountant's fees incurred by Lender in connection therewith. No approval of any assignment will release Borrower from any liability under the Loan Documents without Lender's prior written consent, which consent may be freely withheld.

6.3 Loan Due upon Prohibited Transfer or Encumbrance. Upon any transfer, assignment, or encumbrance, as described in Section 6.1 for which Lender's written approval is required but has not been obtained, the entire outstanding balance owing under the Note, including principal, accrued interest, and any other amounts owing under the Loan Documents shall become due and payable at Lender's option, without any requirement for notice or demand, and Lender may pursue any remedies granted to it under this Deed of Trust or any of the other Loan Documents.

ARTICLE 7
RIGHTS UNDER CONDOMINIUM LAWS AND CC&RS

This Deed of Trust shall include the following rights in connection with any condominium project or subdivision to be developed on the Land:

7.1 Security Interest in Rights Under Condominium Laws and CC&Rs. This Deed of Trust and Lender's security interest hereunder shall extend to all of Borrower's right, title, and interest in and to any and all units, common elements, development rights, declarant rights and any other rights of Borrower in the Project now existing or subsequently arising under (i) all laws now existing or later enacted relating to condominiums (collectively, the "***Condominium Laws***") and (ii) any covenants, conditions, and restrictions or condominium declaration governing the Project, as the same may be amended from time to time (collectively, the "***CC&Rs***").

7.2 Representations and Warranties. Borrower hereby represents, warrants, and agrees:

7.2.1 Not to file, record or, amend any CC&Rs, plat, or condominium survey map and plans ("***Survey***") in connection with the Project without the prior written consent of Lender, which consent Lender shall not unreasonably withhold;

7.2.2 Not to file, adopt, amend, or cause to be adopted, filed, or amended, any documents establishing or governing any condominium association or homeowner's association for the Project (each an "***Association***") or governing the actions of owners, including, without limitation, articles of incorporation or bylaws of any Association, design guidelines, or rules and regulations adopted by the Association (any such document, collectively with the CC&Rs and Survey, as any may be amended from time to time, the "***Governing Documents***"), without the prior written consent of Lender, which consent Lender shall not unreasonably withhold;

7.2.3 To take those steps necessary to ensure that all Governing Documents for the Project comply with the condominium requirements, if applicable, of the Federal Housing Administration, the VA, the applicable version of the Fannie Mae Selling Guide, and the applicable version of the Freddie Mac Single-Family Seller/Servicer Guide;

7.2.4 To satisfy all obligations of, to make all payments due from, and to observe and perform all terms and conditions to be performed by, Borrower (whether as a unit owner; Association member, director, or officer; or declarant) under the Governing Documents, Condominium Laws, and other applicable law;

7.2.5 During any period of Borrower's declarant control, to cause the Association's officers and directors appointed by Borrower to comply with the Governing Documents and applicable law;

7.2.6 To prepare and file such annual reports and other documents as may be necessary to maintain entity registration of any Association controlled by Declarant or an affiliate of Declarant, in the state where the Project is located;

7.2.7 Not to take any action that would render the Project a "conversion condominium" under applicable law; and

7.2.8 To pay all charges, including all common expenses liabilities and assessments (special or general), insurance, taxes, and other items Borrower is or may later be responsible for paying under the Governing Documents, Condominium Laws, or other applicable laws.

7.3 Proxy. Until such time as this Deed of Trust is fully reconveyed of record, Borrower pledges to Lender its vote and constitutes Lender as Borrower's proxy (which appointment is coupled with an interest) with sole right to vote upon:

7.3.1 any partition of all or any portion of the Land subject to a condominium declaration;

7.3.2 the nature and amount of any insurance with respect to any such property and disposition of any proceeds thereof;

7.3.3 the manner in which any condemnation or threat thereof shall be defended or settled;

7.3.4 determination as to whether or not to restore or rebuild any portion of the Improvements;

7.3.5 assessment of any expenses other than routine periodic assessments; and

7.3.6 removal of all or any portion of the Land or Improvements from the provisions of the Condominium Laws.

Notwithstanding the foregoing, during the occurrence of any Event of Default, at Lender's election, Borrower shall pledge to Lender its vote(s) and constitute Lender as Borrower's proxy (which appointment is coupled with an interest) with sole right to cast its vote(s) on all actions of any nature whatsoever submitted to a vote of the members of any Association governing any portion of the Project. Borrower hereby authorizes Lender, as Borrower's attorney-in-fact, to execute and deliver any such proxy to the Association.

7.4 Authorized Representative. Lender is hereby appointed Borrower's authorized representative (which appointment is coupled with an interest) for the inspection of books and records as

provided in the condominium declaration and/or bylaws, which appointment is irrevocable until such time as this Deed of Trust is reconveyed of record as herein provided.

7.5 Notices, Etc. Borrower will provide, upon request of Lender, true and correct copies of:

7.5.1 any notices to the members of the Association;

7.5.2 minutes of any Association meetings including owners meetings and Board meetings;

7.5.3 any statement of financial condition of the Association, including any budgets or proposed budgets;

7.5.4 any statement showing allocation of proportional occupancy, expenses and assessments issued to Borrower;

7.5.5 any notice of default issued to Borrower;

7.5.6 any Public Offering Statement prepared for the Project; and

7.5.7 any amendment or proposed amendment to the Governing Documents.

7.6 Payment of Common Expenses. Unless prohibited by law, Lender or Trustee, either prior to, contemporaneously with, or subsequent to the foreclosure of this Deed of Trust, or while pending the expiration of any applicable redemption period subsequent to a judicial foreclosure and sale upon execution of the Project, may pay common expenses for which Borrower may be liable to an Association, and subsequent to such payments Lender shall have a lien without merger on the Project for the amount paid of the same priority as the lien of this Deed of Trust, or if subsequent to sale or execution, said lien shall be prior to any lien held by any redemptioner as defined by law. If Lender is the successful bidder at any sale upon execution subsequent to a judicial foreclosure and obtains possessory rights to the Collateral subject to redemption by the judgment debtor or redemption as defined by law, any payments made by the Lender or its successor in interest to satisfy condominium assessments levied and payable during the redemption period shall, in the event of any redemption, be recoverable by Lender from the judgment debtor or its successors in interest, or any redemptioner in the same manner as any other assessment or tax would be recoverable.

7.7 Condominium Insurance. The insurance provisions of this Deed of Trust shall be deemed satisfied so long as, upon establishment of an Association for the Project, the Association maintains (a) an "all risk," special form property policy on the condominium project that provides 100% replacement cost insurance coverage, and includes business interruption coverage (and flood insurance if applicable) from a company or companies with a Best Guide rating of A:V or better, providing a Lender's Loss Payable Endorsement form 438BFU in favor of the Lender, and (b) a Comprehensive General Liability policy with limits of not less than $1,000,000 combined single limit per occurrence and $2,000,000 aggregate.

7.8 Required Consent of Lender. Borrower shall not, except with Lender's prior written consent:

7.8.1 create or sell condominium units in phases; Lender must specifically approve the structure of any phasing plan and any amendments to the condominium declaration for the purpose of adding additional phases to a condominium project;

7.8.2 convert condominium units or any portion thereof into common elements;

7.8.3 partition or subdivide the Land or the Project;

7.8.4 take any action that would render the Project a "conversion condominium" under applicable law;

7.8.5 consent to the abandonment or termination of any condominium project, except for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty or in the case of taking by condemnation or eminent domain; or

7.8.6 consent to any material amendment to the Governing Documents, including, without limitation, any amendment that would change a condominium unit owner's allocated interest in the common elements of a condominium.

ARTICLE 8
MISCELLANEOUS PROVISIONS

8.1 Additional Provisions. The Loan Documents fully state all of the terms and conditions of the parties' agreement regarding the matters mentioned in or incidental to this Deed of Trust. The Loan Documents also grant further rights to Lender and contain further agreements and affirmative and negative covenants by Borrower that apply to this Deed of Trust and to the Collateral.

8.2 Cooperation. Borrower shall, upon request, cooperate with Lender or Trustee to correct any defect, error, or omission that may be discovered in the contents of this Deed of Trust or in the execution or acknowledgment hereof, and will execute, acknowledge, and deliver such further instruments and take such further actions as may be reasonably requested by Lender or Trustee to carry out more effectively the purposes of this Deed of Trust.

8.3 Obligations of Borrower, Joint and Several. If more than one person has executed this Deed of Trust as Borrower, the obligations of all such persons hereunder shall be joint and several.

8.4 Severability. If any term of this Deed of Trust, or the application thereof to any person or circumstances, shall, to any extent, be invalid, void or unenforceable, the remainder of this Deed of Trust, or the application of such term to persons or circumstances other than those as to which it is invalid, void or unenforceable, shall not be affected thereby, and each term of this Deed of Trust shall be valid and enforceable to the fullest extent permitted by law. If the lien of this Deed of Trust is invalid, void or unenforceable as to any part of the Secured Obligations, or if the lien is invalid, void or unenforceable as to any part of the Collateral, the unsecured or partially secured portion of such indebtedness shall be completely paid prior to the payment of the remaining secured or partially secured portion of such Secured Obligations, and all payments made on such Secured Obligations shall be considered to have been first paid and applied to the full payment of the unsecured portion of such indebtedness.

8.5 No Waiver or Cure. No waiver or delay or omission in the exercise or enforcement by Lender of any of its rights or remedies hereunder or under any of the other Loan Documents shall be considered a waiver of any subsequent application of, or right to enforce, such right or remedy, or of the right to enforce any other right or remedy of Lender in another instance. Furthermore, no waiver of Lender's rights or remedies in one or more instances shall establish a course of dealing or other agreement that will bind Lender or prohibit Lender from enforcing the terms of this Deed of Trust or any other Loan Document in another instance.

8.6 Additional Security. If Lender at any time holds additional security for any of the Secured Obligations, all such security shall be taken, considered, and held cumulatively, and Lender may enforce the sale thereof or otherwise realize upon the same, at its option, either before or concurrently with the exercise of any of its rights or remedies hereunder or after a sale is made hereunder. The taking of additional security, the execution of partial releases of the security, or any extension of the time of payment of the Secured Obligations shall not diminish the force, effect, or lien of this Deed of Trust and shall not affect or impair the liability of any maker, surety, or endorser for the payment of any such indebtedness.

8.7 Imposition of Tax. For purposes of this Section, "***Tax***" means: (a) a specific tax on deeds of trust or on all or any part of the indebtedness secured by a deed of trust; or (b) a specific tax on the owner of the Collateral covered by a deed of trust which the taxpayer is authorized or required to deduct from payments on debt secured by the deed of trust; or (c) a tax on property covered by a deed of trust chargeable against a beneficiary or trustee under the deed of trust or the holder of the note secured by the deed of trust; or (d) a specific tax (other than an income tax or a gross receipts tax) on all or any portion of the obligations secured hereby or on payments of principal and interest made by a grantor under a deed of trust. If any Tax is enacted subsequent to the date of this Deed of Trust, enactment of the Tax shall constitute an Event of Default, and Lender may exercise any or all of the remedies available to it upon the occurrence of any Event of Default, unless the following conditions are met: (i) Borrower can lawfully pay the Tax without causing any resulting economic disadvantage or increase of tax to Lender or Trustee; and (ii) Borrower pays the Tax (including any tax on the payment made) within 30 days after notice from Lender that the tax law has been enacted.

8.8 Amendments. This Deed of Trust cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by Borrower and Lender.

8.9 Successors in Interest. Subject to the limitations on transfer contained in the Loan Documents, the terms, covenants, and conditions herein contained shall be binding upon and inure to the

benefit of the heirs, legatees, devisees, administrators, executors, successors and assigns of the parties hereto.

8.10 Modification and Extensions. References to the Note, the Loan Agreement, the Loan Documents and the Related Loan Documents in this document shall be deemed to include all modifications, extensions, and renewals thereof.

8.11 Applicable Law. The provisions of this Deed of Trust shall be governed by and construed in accordance with the laws of the Project State, without regard to the choice of law rules of the Project State and except to the extent that federal laws preempt the laws of the Project State.

8.12 Merger. No merger shall occur as a result of Lender's acquiring any other estate in or any other lien on the Collateral unless Lender consents to a merger in writing.

8.13 Waiver of Marshaling. Borrower waives all rights, legal and equitable, it may now or hereafter have to require marshaling of assets or to require foreclosure sales of assets in a particular order. Each successor and assign of Borrower, including any holder of a lien subordinate to this Deed of Trust, by acceptance of its interest or lien, agrees that it shall be bound by the above waiver, as if it had given the waiver itself.

8.14 Unsecured Obligations. Notwithstanding anything to the contrary set forth herein or any of the Loan Documents, this Deed of Trust shall not secure the following obligations (the "***Unsecured Obligations***"): (a) any obligations evidenced by or arising under an Independent Indemnity, and (b) any other obligations in this Deed of Trust or in any of the other Loan Documents to the extent that such other obligations relate specifically to the presence on the Land of Hazardous Substances (as defined in the Loan Agreement) and are the same or have the same effect as any of the obligations evidenced by or arising under any Independent Indemnity. Any breach or default with respect to the Unsecured Obligations shall constitute an Event of Default hereunder, notwithstanding the fact that such Unsecured Obligations are not secured by this Deed of Trust. Nothing in this Section shall impair or limit Lender's right to obtain a judgment in accordance with applicable law after foreclosure for any deficiency in recovery of all obligations that are secured by this Deed of Trust following foreclosure.

8.15 Notice. All notices, requests, demands, or other communications required hereunder shall be in writing and shall be sent to the necessary parties at their addresses set forth in the Loan Agreement or to such other addresses as such parties may designate in writing. All notices hereunder shall be effective three (3) days after deposit in the U.S. Mail, postage prepaid, registered or certified mail, return receipt requested, or upon delivery, if delivered in person to the appropriate address.

8.16 Counterparts. This Deed of Trust may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Deed of Trust to physically form one document for recording purposes.

8.17 Disclosures/Disclaimers. Lender makes the following disclosures and disclaimers in connection with this Deed of Trust:

8.17.1 Actions Solely for Benefit of Lender. Any and all subsequent purchasers of the Collateral, and any other parties acquiring an interest in the Collateral, are hereby put on notice that any inspection or approval of any part of any development, construction, renovation, or improvement of the Collateral by Lender or any agent of Lender shall be made exclusively for the benefit of Lender, and Lender makes no representations whatsoever to any third party acquiring any interest in the Collateral. Such third party shall have no rights of reliance upon any action taken by Lender. Lender makes no representations whatsoever to any third party as to the adequacy or legality of any action of Borrower, and any action of Lender is solely for the benefit of Lender.

8.17.2 Adjustable Rate Note. The Note contains provisions permitting (a) increases and decreases in the rate of interest provided in the Note, and (b) increases and decreases in the periodic payments required under the Note.

8.18 WAIVER OF JURY TRIAL. BORROWER HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR RELATED TO, THE SUBJECT MATTER OF THIS DEED OF TRUST OR THE OTHER LOAN DOCUMENTS. THIS WAIVER IS KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY MADE BY BORROWER, AND BORROWER ACKNOWLEDGES THAT NO PERSON

ACTING ON BEHALF OF LENDER HAS MADE ANY REPRESENTATIONS OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. BORROWER FURTHER ACKNOWLEDGES THAT BORROWER HAS BEEN REPRESENTED (OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED) IN THE SIGNING OF THE LOAN DOCUMENTS AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF BORROWER'S OWN FREE WILL, AND THAT BORROWER HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

8.19 Exhibits.

EXHIBIT A - Legal Description

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

DATED as of the day and year first above written.

BORROWER:

MERIT HOMES, INC.,
a Washington corporation

By: _____
Name: Joshua Lysen
Its: Vice President

State Identification No. 602254855

STATE OF WASHINGTON
} ss.
COUNTY OF KING

I certify that I know or have satisfactory evidence that **Joshua Lysen** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the **Vice President** of **MERIT HOMES, INC.**, a Washington corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 26th day of June, 2014.

_____
Printed Name Jane E. Shyne
NOTARY PUBLIC in and for the State of Washington, residing at Duvall
My Commission Expires 5-28-2018

JANE E. SHYNE
NOTARY PUBLIC
STATE OF WASHINGTON
COMMISSION EXPIRES
MAY 28, 2018

EXHIBIT A

LEGAL DESCRIPTION

THE SOUTH 217.80 FEET OF THE EAST 150 FEET OF THE WEST HALF OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER SECTION 33, TOWNSHIP 26 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON;

EXCEPT COUNTY ROADS.