

Recording Requested By and
When Recorded Mail To:

Tacoma Sewer Utility
Conservation Loan Program
2201 Portland Avenue
Tacoma, Washington 98421

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

THIS DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES, AND SECURITY AGREEMENT ("Deed of Trust") is made this _____ day of _____, 19____, by _____ ("Grantor"), whose mailing address is _____. The Trustee is PUGET SOUND TITLE COMPANY, a Washington corporation, Trustee, whose mailing address is Tacoma Mall Office Building, Suite 160, 4301 South Pine Street, Tacoma, Washington. The Beneficiary is CITY OF TACOMA, DEPARTMENT OF PUBLIC WORKS, SEWER UTILITY, a municipal corporation ("Beneficiary"), whose mailing address is 747 Market Street, Tacoma, Washington 98402. For purposes of Article 9 of the Uniform Commercial Code (RCW 62A.9), this Deed of Trust constitutes a Security Agreement and Financing Statement with the Grantor being the Debtor and the Beneficiary being the Secured Party. This Deed of Trust shall also constitute a Financing Statement filed as a fixture filing pursuant to Article 9 of the Uniform Commercial Code (RCW 62A.9-402(6)).

In consideration of the Loan described below, Grantor hereby irrevocably GRANTS, TRANSFERS, CONVEYS and ASSIGNS to Trustee, IN TRUST, WITH POWER OF SALE, all of Grantor's present and future estate, right, title, claim, and interest, either in law or in equity, in and to the following property ("Property"):

- (a) The real property described on Exhibit A attached hereto ("Property");
- (b) All buildings, improvements and tenements now or hereafter located on the Property ("Improvements");
- (c) All fixtures and articles of property now or hereafter attached to, or used or adapted for use in the ownership, development, operation or maintenance of the Property and Improvements (whether such items are leased, owned, or subject to any title-retaining or security instrument). All such items shall be deemed part of the Property and not severable wholly or in part without material injury to the freehold.
- (d) All proceeds of the foregoing.

TO SECURE THE FOLLOWING ("Secured Obligations"):

(a) Payment of the sum of _____ and no/100 Dollars (\$ _____), or such amount as is evidenced by the terms and provisions of a promissory note ("Note") of even date, made by Grantor and payable to Beneficiary, including any and all modifications, extensions, renewals and replacements thereof.

(b) Payment of all sums advanced to protect the security of this Deed of Trust, together with interest thereon as herein provided;

April 5, 1999

GRANTOR HEREBY REPRESENTS, WARRANTIES, COVENANTS AND AGREES AS FOLLOWS:

1. Grantor is lawfully seized of the estate hereby conveyed and has full right and power to grant, convey and assign the Property. The Property is free from liens, encumbrances, exceptions and other charges of any kind whatsoever, except for the permitted exceptions ("Permitted Exceptions") listed on Exhibit A. No default on the part of Grantor or any other person exists under any of the Permitted Exceptions and all of the Permitted Exceptions are in full force and effect and in good standing, without modification. Grantor shall forever warrant and defend the Property unto Beneficiary against all claims and demands of any other person whatsoever, subject only to non-delinquent taxes and assessments and the Permitted Exceptions.

2. The Property is not used principally for agricultural or farming purposes.

3. To the best of Grantor's knowledge after due inquiry and inspection, no Hazardous Substance is currently being generated, processed, stored, transported, handled or disposed of, on, under or in the Property, except in accordance with all applicable laws; neither Grantor nor any other person or entity has ever caused or permitted any Hazardous Substance to be generated, processed, stored, transported, handled or disposed of, on, under or in the Property, except in compliance with all applicable laws; and there is no actual or alleged violation with respect to the Property of any federal, state or local statute, ordinance, rule, regulation or other law pertaining to Hazardous Substances.

That Hazardous Substances will not be generated, processed, stored, transported, handled or disposed of on the Property by any person or entity, except in accordance with all applicable laws. "Hazardous Substance" means any substance which now or hereafter becomes regulated under any federal, state or local statute, ordinance, rule, regulation or other law relating to environmental protection, contamination or cleanup.

4. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement being built or about to be built thereon; to restore promptly any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property.

5. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens or encumbrances impairing the security of this Deed of Trust.

6. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust. All policies shall be held by the Beneficiary, and be in such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.

7. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

8. To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.

9. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

10. Neither the Property nor any part thereof or interest therein shall be encumbered, sold (by contract or otherwise), conveyed, or otherwise transferred by Grantor. Any such action without Beneficiary's prior written consent shall be deemed to increase the risk of Beneficiary, and shall constitute a default hereunder if not corrected within five (5) days after Beneficiary's delivery of written demand to Grantor. Beneficiary may, in its sole discretion, consent to any such action subject to such terms and conditions as Beneficiary may require.

11. This Deed of Trust constitutes a security agreement pursuant to the Uniform Commercial Code with respect to:

(a) Any of the Property which, under applicable law, is not real property or effectively made part of the real property by the provisions of this Deed of Trust; and

(b) Any and all other property now or hereafter described on any Uniform Commercial Code Financing Statement naming Grantor as Debtor and Beneficiary as Secured Party and affecting property in any way connected with the use and enjoyment of the Property, including, without limiting the generality of the foregoing, the equipment described on Exhibit B attached hereto installed by Grantor as energy conservation measures (any and all such other property constituting "Property" for purposes of this Deed of Trust); and Grantor hereby grants Beneficiary a security interest in all property described in clauses (a) and (b) above as security for the Secured Obligations.

With respect to the property subject to the foregoing security interest, Beneficiary shall have all of the rights and remedies (i) of a secured party under the Uniform Commercial Code, (ii) provided herein, including without limitation the right to cause such Property to be sold by Trustee under the power of sale granted by this Deed of Trust, and (iii) provided by law. In exercising its remedies, Beneficiary may proceed against the items of real property and any items of personal property separately or together and in any order whatsoever, without in any way affecting the availability of Beneficiary's remedies. Upon demand by Beneficiary following an Event of Default hereunder, Grantor will assemble any items of personal property and make them available to Beneficiary at the Property. Beneficiary shall give Grantor at least five (5) days prior written notice of the time and place of any public sale or other disposition of such Property or of the time of or after which any private sale or any other intended disposition is to be made. Any person permitted by law to purchase at any such sale may do so. Such Property may be sold at any one or more public or private sales as permitted by applicable law.

12. As part of the consideration for the Secured Obligations, and not as additional security therefor, Grantor hereby absolutely and unconditionally assigns and transfers to Beneficiary all right, title and interest of Grantor in and to: (a) any and all present and future leases, subleases, and other agreements for the occupancy or use of all or any part of the Property, and any and all extensions, renewals and replacements thereof ("Leases"); (b) all cash or security deposits, advance rentals and deposits of a similar nature under the Leases; (c) any and all guarantees of tenants' or occupants' performances under any and all Leases, and (d) all rents, issues, profits and revenues ("Rents") now due or which may become due or to which Grantor may now or shall hereafter become entitled or may demand or claim (including Rents coming due during any redemption period), arising or issuing from or out of any and all Leases, including without limitation minimum, additional, percentage and deficiency rents and liquidated damages.

(a) Collection of Rents. Upon delivery of written notice by Beneficiary to Grantor of an Event of Default hereunder and stating that Beneficiary exercises its rights to the Rents, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent or by a court-appointed receiver, Beneficiary shall immediately be entitled to possession of all Rents from the Property as the same become due and payable, including without limitation Rents then due and unpaid.

(b) Application of Rents. All Rents collected subsequent to delivery of written notice by Beneficiary to Grantor of an Event of Default hereunder shall be applied first to the costs, if any, of taking control of and managing the Property and collecting the Rents, including without limitation attorneys' fees, receiver's fees, premiums on receiver's bonds, costs of maintenance and repairs to the Property, premiums on insurance policies, taxes, assessments and other charges on the Property, and the costs of discharging any obligation or liability of Grantor under the Leases, and then to the Secured Obligations.

(c) Enforcement. Beneficiary may enforce this assignment without first resorting to or exhausting any security or collateral for the Secured Obligations.

IT IS MUTUALLY AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

2. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto, on written request of the Grantor and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

4. Upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of

the sale, including a reasonable Trustee's fee and attorney's fee: (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto.

5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrancers for value.

6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

7. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

8. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

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

GRANTOR:

By: _____

Title: _____

Date: _____

SEWER UTILITY:

By: _____

Title: _____

Date: _____

Deed of Trust
Exhibit A

PROPERTY SCHEDULE

LEGAL DESCRIPTION: