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Recording District 301 Anchorage

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THIS COVER SHEET HAS BEEN ADDED TO THIS DOCUMENT
BY:

FIDELITY TITLE AGENCY OF ALASKA

TO PROVIDE SPACE FOR RECORDING DATA.

THIS COVER SHEET APPEARS AS THE FIRST PAGE OF THE
DOCUMENT IN THE OFFICIAL PUBLIC RECORDS.

Prepared by:

George C. Dunlap, Jr., Esq.
Gardere Wynne Sewell, LLP
3000 Thanksgiving Tower
1601 Elm Street
Dallas, Texas 75201

Recording requested by,
and after recording, return to:

EverBank
Attn: Risk Department
6464 185th Avenue NE, Suite 200
Redmond, Washington 98052

Loan No.: 6326840-001

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

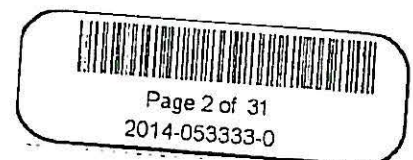
TRUSTOR: 716 WEST FOURTH AVENUE, LLC
TRUSTEE: FIDELITY TITLE AGENCY OF ALASKA, LLC
BENEFICIARY: EVERBANK
PROPERTY: 716 West Fourth Avenue, Anchorage, Third Judicial District County, Alaska

Dated December 30, 2014

\$28,600,000.00

NOTICE: THE DEBT SECURED HEREBY IS SUBJECT TO CALL IN FULL OR THE TERMS THEREOF BEING MODIFIED IN THE EVENT OF SALE OR CONVEYANCE OF THE PROPERTY HEREIN CONVEYED.

THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS, FINANCING STATEMENT AND FIXTURE FILING COVERS GOODS WHICH ARE OR ARE TO BECOME FIXTURES, IS EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING AND IS TO BE FILED IN THE ANCHORAGE RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA.



THIS COMMERCIAL DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING (herein "Instrument"), made and given as of December 30, 2014, by the Trustor, **716 WEST FOURTH AVENUE, LLC**, an Alaska limited liability company, whose address is 425 G Street, Suite 210, Anchorage, Alaska 99501 (herein "Borrower"), in favor of **FIDELITY TITLE AGENCY OF ALASKA, LLC**, whose address is 3150 C Street, Suite 220, Anchorage, Alaska 99503 (herein "Trustee"), for the benefit of the Beneficiary, **EVERBANK**, whose address is Risk Department, 6464 185th Avenue NE, Suite 200, Redmond, Washington 98052 (herein "Lender"), as beneficiary,

WITNESSETH:

THAT, WHEREAS, Borrower is justly indebted to Lender in the principal sum of \$28,600,000.00, pursuant to a certain Balloon Promissory Note of even date herewith, more particularly described below,

NOW, THEREFORE, in consideration of the indebtedness herein recited and the trust herein created, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower irrevocably grants, conveys and assigns to Trustee, in trust, WITH POWER OF SALE, all of Borrower's estate, right, title and interest, now owned or hereafter acquired, including any reversion or remainder interest, in the real property located in the Municipality of Anchorage, State of Alaska commonly known as 716 West Fourth Avenue, and more particularly described on Exhibit A attached hereto and incorporated herein including all heretofore or hereafter vacated alleys and streets abutting the property, and any easements, rights, appurtenances, tenements, hereditaments, rents, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock appurtenant to the property (collectively "Premises");

TOGETHER with all of Borrower's estate, right, title and interest, now owned or hereafter acquired, in, under, and to:

(a) all buildings, structures, improvements, parking areas, landscaping, equipment, fixtures and articles of property now or hereafter erected on, attached to, or used or adapted for use in the operation of the Premises; including but without being limited to, all central heating and air conditioning and incinerating apparatus and equipment; all boilers, engines, motors, dynamos, generating equipment, piping and plumbing fixtures, water heaters, ranges, cooking apparatus and mechanical kitchen equipment, walk-in refrigerators and freezers, cooling, ventilating, sprinkling and central vacuum cleaning systems, fire extinguishing apparatus, gas and electric fixtures, affixed carpeting, underpadding, elevators, escalators, partitions, mantels, built-in mirrors, window shades, blinds, draperies, screens, storm sash, awnings, signs, and shrubbery and plants, and including also all interest of any owner of the Premises in any of such items hereafter at any time acquired under conditional sale contract, chattel mortgage or other title retaining or security instrument, all of which property mentioned in this clause (a) shall be deemed part of the realty covered by this Instrument and not severable wholly or in part without material injury to the freehold of the Premises (all of the foregoing together with replacements and additions thereto are referred to herein as "Improvements"); and

(b) all compensation, awards, damages, rights of action and proceeds, including interest thereon and/or the proceeds of any policies of insurance therefor, arising out of or relating to (i) a taking or damaging of the Premises or Improvements thereon by reason of any public or private improvement, condemnation proceeding (including change of grade), sale or transfer in lieu of condemnation, or fire or other casualty, or (ii) any injury to or decrease in the value of the Premises or the Improvements for any reason whatsoever;

(c) return premiums or other payments upon any insurance any time provided with respect to the Premises, Improvements, and other collateral described herein for the benefit of or naming Lender, and refunds or rebates of taxes or assessments on the Premises;



(d) all written and oral leases and rental agreements (including extensions, renewals and subleases; all of the foregoing being referred to collectively herein as the "Leases") now or hereafter affecting the Premises, including but not limited to that certain lease (the "Tenant Lease") dated April 6, 2004, between Borrower and State of Alaska Legislative Affairs Agency, and including, without limitation, all rents, issues, income, profits and other revenues and income therefrom and from the renting, leasing or bailment of Improvements and equipment ("Rents"), all guaranties of tenants' performance under the Leases (including but not limited to rights under any letter of credit given as security for such tenant's obligations), and all rights and claims of any kind that Borrower may have against any tenant under the Leases or in connection with the termination or rejection of the Leases in a bankruptcy or insolvency proceeding;

(e) plans, specifications, contracts and agreements relating to the design and construction of the Improvements; Borrower's rights under any payment, performance, or other bond in connection with the design or construction of the Improvements; all landscaping and construction materials, supplies, and equipment used or to be used or consumed in connection with construction of the Improvements, whether stored on the Premises or at some other location; and contracts, agreements, and purchase orders with contractors, subcontractors, suppliers, and materialmen incidental to the design or construction of the Improvements;

(f) all contracts, deposits, deposit accounts, accounts, rights, claims or causes of action pertaining to or affecting the Premises or the Improvements, including, without limitation, options or contracts to acquire other property for use in connection with operation or development of the Premises or Improvements, management contracts, service or supply contracts, permits, licenses, franchises and certificates, and all commitments or agreements, now or hereafter in existence, intended by the obligor thereof to provide Borrower with proceeds to satisfy the loan evidenced hereby or improve the Premises or Improvements, and the right to receive all proceeds due under such commitments or agreements including refundable deposits and fees;

(g) all books, records, surveys, reports and other documents related to the Premises, the Improvements, the Leases, or other items of collateral described herein; and

(h) all additions, accessions, replacements, substitutions, proceeds and products of the real and personal property, tangible and intangible, described herein, including but not limited to lease and real-estate proceeds and other amounts relating to the use, disposition, or sale of the collateral described herein which proceeds or other amounts are characterized as general intangibles.

All of the foregoing described collateral is exclusive of any equipment, inventory, furniture, furnishings or trade fixtures owned and supplied by tenants of the Premises. The Premises, the Improvements, the Leases and all of the rest of the foregoing collateral are herein referred to as the "Property." Notwithstanding the foregoing, this lien does not take an interest in the following personal property located within the real property improvements built on the real property described above: all portable furniture; portable fixtures portable machinery; portable equipment; portable personal property owned by the Borrower and used in its business; all portable and window air conditions; all portable appliances; carpets and rugs excluded from flood building coverage; clothes washers and dryers; food freezers(excluding walk-ins) and food; art and furs; and non-licensed self-propelled vehicles. For the avoidance of doubt, Lender takes an interest in FEMA Flood Policy Coverage A-Building Property but does not take an interest in FEMA Flood Policy Coverage B-Personal Property located in the improvements built on the real property described above.

TO HAVE AND TO HOLD the above-described Property unto Trustee in trust for the benefit of Lender and its successors and assigns forever.

THIS DEED OF TRUST IS GIVEN TO SECURE TO Lender (a) the repayment of the indebtedness evidenced by that certain Balloon Promissory Note dated of even date herewith from Borrower, as maker, to Lender, as payee, in the principal sum of TWENTY-EIGHT MILLION SIX



HUNDRED THOUSAND AND NO/100 DOLLARS (\$28,600,000.00), with interest thereon as set forth therein, having a maturity date under AS 34.20.150(h) of June 2034, and all renewals, extensions and modifications thereof (herein "Note"); (b) the repayment of any future advances, with interest thereon, made by Lender to Borrower pursuant to Section 30 hereof (herein "Future Advances"); (c) the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Instrument or to fulfill any of Borrower's obligations hereunder or under the other Loan Documents (as defined below); (d) the performance of the covenants and agreements of Borrower contained herein or in the other Loan Documents; and (e) the repayment of all sums now or hereafter owing to Lender by Borrower pursuant to any instrument which recites that it is secured hereby. The indebtedness and obligations described in clauses (a)-(e) above are collectively referred to herein as the "Indebtedness." The Note, this Instrument, and all other documents evidencing, securing or guaranteeing the Indebtedness (except the Environmental Indemnity Agreement Regarding Hazardous Substances ("Indemnity") which is expressly excluded herefrom), as the same may be modified or amended from time to time, are referred to herein as the "Loan Documents." The terms of the Note secured hereby may provide that the interest rate or payment terms or balance due may be indexed, adjusted, renewed, or renegotiated from time to time, and this Instrument shall continue to secure the Note notwithstanding any such indexing, adjustment, renewal or renegotiation.

Borrower represents and warrants that Borrower has good, marketable and insurable title to, and has the right to mortgage an indefeasible fee simple estate in, the Premises, Improvements, Rents, and Leases, and the right to convey the other Property, that the Property is unencumbered except as disclosed in writing to and approved by Lender prior to the date hereof, and that Borrower will warrant and forever defend the title to the Property against all claims and demands, subject only to the exceptions approved by Lender in Lender's final title insurance policy ("Permitted Exceptions").

Borrower represents, warrants, covenants and agrees for the benefit of Lender as follows:

1. PAYMENT OF PRINCIPAL AND INTEREST. Borrower shall promptly pay when due the principal of and interest on the Indebtedness, any prepayment and other charges provided in the Loan Documents and all other sums secured by this Instrument.

2. IMPOUNDS FOR TAXES, INSURANCE AND OTHER CHARGES. Except as is hereinafter provided with respect to the impounding of such payments by Lender following the occurrence of an Event of Default, Borrower shall pay or cause to be paid when due, prior to delinquency, all annual real estate taxes, insurance premiums, assessments, water and sewer rates, ground rents and other charges (herein "Impositions") payable with respect to the Property. Upon the occurrence of an Event of Default (hereinafter defined), and at Lender's sole option at any time thereafter, Borrower shall pay in addition to each monthly payment on the Note, one-twelfth of the annual Impositions (as estimated by Lender in its sole discretion), to be held by Lender without interest to Borrower, for the payment of such Impositions (such payments being referred to herein as "Impounds").

Annually during the term of this Instrument, if Lender shall have required Impounds following an Event of Default, Lender shall compare the Impounds collected to the Impositions paid or to be paid. If the amount of such Impounds held by Lender at such time shall exceed the amount reasonably deemed necessary by Lender to provide for the payment of Impositions as they fall due, if no Event of Default shall have occurred and be continuing, such excess shall be at Borrower's option, either repaid to Borrower or credited to Borrower on the next monthly installment or installments of Impounds due. If at any time the amount of the Impounds held by Lender shall be less than the amount deemed necessary by Lender to pay Impositions as they fall due, Borrower shall pay to Lender any amount necessary to make up the deficiency within thirty (30) days after notice from Lender to Borrower requesting payment thereof. If an Event of Default shall have occurred and be continuing, Lender may apply, in any amount and in any order as Lender shall determine in Lender's sole discretion, any Impounds held by Lender at the time of application (i) to pay Impositions which are now or will hereafter become due, or (ii) as a credit against sums secured by this Instrument. Upon payment in full of all sums secured by this Instrument, Lender shall refund to Borrower any Impounds then held by Lender.



If requested by Lender, Borrower shall promptly furnish to Lender all notices of Impositions which become due, and in the event Borrower shall make payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments.

3. APPLICATION OF PAYMENTS. Unless applicable law provides otherwise, each complete installment payment received by Lender from Borrower under the Note or this Instrument shall be applied by Lender first in payment of amounts payable to Lender by Borrower under Section 2 hereof, then to interest payable on the Note, then to principal of the Note, and then to interest and principal on any Future Advances in such order as Lender, at Lender's sole discretion, shall determine. If an Event of Default shall have occurred and be continuing, Lender may apply, in any amount and in any order as Lender shall determine in Lender's sole discretion, any payments received by Lender under the Note or this Instrument. Any partial payment received by Lender shall, at Lender's option, be held in a non-interest bearing account until Lender receives funds sufficient to equal a complete installment payment

4. CHARGES, LIENS. Borrower shall promptly discharge or bond off any lien which has, or may have, priority over or equality with, the lien of this Instrument, and Borrower shall pay, when due, the claims of all persons supplying labor or materials to or in connection with the Property. Without Lender's prior written permission, Borrower shall not allow any lien inferior to this Instrument to be perfected against the Property. If any lien inferior to this Instrument is filed against the Property without Lender's prior written permission and without the consent of Borrower, Borrower shall, within thirty (30) days after receiving notice of the filing of such lien, cause such lien to be released of record, insured over, or bonded off and deliver evidence of such release, insurance, or bonding to Lender; provided, however, that Borrower may elect to contest any such lien by appropriate proceedings in good faith, timely filed, provided that enforcement of the lien is stayed pending such contest and if Borrower so elects to contest such lien in accordance with this Section 4, no Event of Default shall be deemed to have occurred as the result of the filing of such lien during the pendency of any such contest. Lender may require that Borrower post security for payment of such lien.

5. INSURANCE. Borrower shall obtain and maintain the following types of insurance upon and relating to the Property:

(a) "Special Form" property and fire insurance (with extended coverage endorsement including malicious mischief and vandalism without exclusion for windstorm) in an amount not less than the full replacement value of the Property (with a deductible not to exceed \$10,000), naming Lender as mortgagee under the policy and as loss payee under a lender's loss payable endorsement and including agreed amount, inflation guard, replacement cost and waiver of subrogation endorsements;

(b) Commercial general liability insurance in an amount not less than \$2,000,000 per occurrence and on an occurrence basis, insuring against personal injury, death and property damage and naming Lender as additional insured;

(c) Business interruption insurance or rent-loss insurance, as applicable, covering loss of rental or other income (including all expenses payable by tenants) for up to twelve (12) months;

(d) Flood hazard insurance with respect to the Property with a deductible not to exceed \$10,000 and coverage in amounts not less than the maximum limit of coverage then available with respect to the Property or the amount of the Indebtedness, whichever is less, if the Property is located in an area designated by the Federal Emergency Management Act ("FEMA") as an area having special flood hazards. If the Property is hereafter designated or identified as an area having special flood hazards by FEMA, the Department of Housing and Urban Development or such other official as shall from time to time be authorized by federal or state law to make such designation pursuant to any national or state program of flood insurance, Borrower



shall provide such flood hazard insurance within 45 days following written notice from Lender to Borrower; and

(e) Such other types of insurance or endorsements to existing insurance as may be required from time to time by Lender in accordance with its standard commercial lending practices for similar properties and transactions.

Upon the request of Lender, Borrower shall increase the coverages under any of the insurance policies required to be maintained hereunder or otherwise modify such policies in accordance with Lender's standard commercial lending practices for similar properties and transactions. All of the insurance policies required hereunder shall be issued by corporate insurers licensed to do business in the state in which the Property is located and having a Best's Rating-Financial Size Rating of A:VIII or better as determined and published by A.M. Best Company, and shall be in form acceptable to Lender. Certificates of all insurance required to be maintained hereunder shall be delivered to Lender (which may include the requirement of an Acord 28 "Evidence of Property Insurance" form as to property insurance) prior to or contemporaneously with Borrower's execution of this Instrument. All such certificates shall be in form acceptable to Lender and shall require the insurance company to give to Lender at least thirty (30) days prior written notice before canceling the policy for any reason or materially amending it. If Lender shall so request in writing, upon reasonable notice, Borrower shall furnish to Lender a copy of any policy required to be carried hereunder and all applicable endorsements within ten (10) days of such request. Certificates evidencing all renewal and substitute policies of insurance shall be delivered to Lender at least fifteen (15) days before termination of the policies being renewed or substituted. If any loss shall occur at any time while an Event of Default shall have occurred and shall be continuing hereunder, Lender shall be entitled to the benefit of all insurance policies held or maintained by Borrower, to the same extent as if same had been made payable to Lender, and upon foreclosure hereunder, Lender shall become the owner thereof. Lender shall have the right, but not the obligation, to make premium payments, at Borrower's expense, to prevent any cancellation, endorsement, alteration or reissuance of any policy of insurance maintained by Borrower, and such payments shall be accepted by the insurer to prevent same. Without limiting the foregoing, if Borrower fails to procure and maintain any insurance required under this Instrument, Lender may (but shall not be obligated to) procure and maintain such insurance, at Borrower's expense, in the amounts provided above or in such lesser amounts as Lender may deem appropriate, in order to protect Lender's interest in the Property. Such insurance purchased by Lender may, but need not, protect Borrower's interest in the Property. Such insurance purchased by Lender may, but need not, pay any claim that Borrower makes or any claim that is made against Borrower in connection with the Property. Borrower may later cancel any insurance purchased by Lender, but only after providing Lender with evidence acceptable to Lender that Borrower has obtained and paid for such insurance as required under this Instrument. If Lender procures and maintains such insurance, Borrower shall be responsible for the costs of such insurance, including interest as described in Section 8 below and any other charges that Lender may impose in connection with the placement of such insurance, until the effective date of the cancellation or expiration of such insurance. All such costs, interest and charges shall become immediately due and payable by Borrower and shall be secured by this Instrument. Such costs may be more than the cost of insurance Borrower may be able to obtain on its own. Lender shall have the right, in its sole and absolute discretion, upon written notice, to require Borrower furnish to Lender a copy of any insurance policy required to be carried hereunder (including endorsements), and Borrower shall furnish the requested policy or policies and all applicable endorsements within thirty (30) days of such request.

If any act or occurrence of any kind or nature (including any casualty for which insurance was not obtained or obtainable) shall result in damage to or destruction of the Property (such event being called a "Loss"), Borrower will give prompt written notice thereof to Lender. If no Event of Default has occurred hereunder and is continuing, Lender shall apply all such insurance proceeds to the restoration, replacement and rebuilding of the damaged portion of the Property, and such restoration, replacement and rebuilding shall be accomplished, upon satisfaction of each and all of the following conditions: (i) except as provided in (ii) below, Lender shall be satisfied that by the expenditure of such insurance proceeds the Property will be fully restored within a reasonable period of time to its value immediately preceding the loss or damage, free and clear of all liens, except the lien of this Instrument, the Permitted



Exceptions and such other liens as are specifically approved by Lender in writing under this Instrument; (ii) in the event such proceeds shall be insufficient to restore or rebuild the Property, Borrower shall deposit promptly with Lender funds which, together with the insurance proceeds, shall be sufficient in Lender's reasonable judgment to restore and rebuild the Property; (iii) Borrower shall make reasonable efforts to obtain a waiver of the right of subrogation from any insurer under such policies of insurance who, at that time, claims that no liability exists as to Borrower or the then owner or the assured under such policies; (iv) the excess of such insurance proceeds above the amount necessary to complete such restoration and compensate Borrower for all other insured losses shall be applied on account of the Indebtedness (first to interest, then to expenses reimbursable to Lender and then to principal amounts falling due under the Note without Prepayment Fee (as defined in the Note)); (v) Lender reviews and approves in writing the plans and specifications for the restoration work and Lender receives written evidence satisfactory to Lender that the same have been approved by all governmental authorities having jurisdiction; (vi) Borrower shall have furnished to Lender, for Lender's approval, a detailed budget and cost breakdown for said restoration work signed by Borrower and describing the nature and type of expenses and amounts thereof estimated by Borrower for said restoration work including, but not limited to, the cost of material and supplies, architect and designer fees, general contractor's fees, and the anticipated monthly disbursement schedule, and Lender shall have given to Borrower written approval of such budget and cost breakdown (if Borrower determines at any time that its actual expenses differ or will differ from its estimated budget, it will so advise Lender promptly); (vii) Borrower has delivered to Lender evidence satisfactory to Lender that all Leases existing at the time of the Loss will remain in full force and effect subject only to abatement of rent in accordance with the terms of the Leases until completion of such repair and restoration; and (viii) in Lender's reasonable judgment, such restoration work can be completed at least six (6) months prior to the maturity of the Note.

In the event any of such conditions are not or cannot be satisfied, and provided that Lender has given Borrower notice specifying the particular failure or unsatisfied condition and the cure required and Borrower has not implemented that cure or otherwise remedied the failure or satisfied the condition within thirty (30) days after receipt of such notice or within such additional time as may be reasonably required to commence and pursue curative action with reasonable diligence (but such additional time shall not exceed sixty (60) days), then all of the insurance proceeds payable with respect to such Loss will be applied to the payment of the Indebtedness in such order as Lender may elect.

Under no circumstances shall Lender become obligated to take any action to restore the Property; all proceeds released or applied by Lender to the restoration of the Property pursuant to the provisions of this Section 5 shall be released and/or applied to the cost of restoration (including within the term "restoration" any repair, reconstruction or alteration) as such restoration progresses, in amounts which shall equal ninety percent (90%) of the amounts from time to time certified by an architect approved by Lender to have been incurred in such restoration of any and all of the Property (i.e., 90% of the total amount expended by the contractor for the project under a contract approved by Lender and billed by the contractor to Borrower) and performed by a contractor reasonably satisfactory to Lender and who shall furnish such corporate surety bond, if any, as may be reasonably required by Lender in accordance with the plans and specifications therefor approved by Lender and the remaining ten percent (10%) upon completion of such restoration and delivery to Lender of evidence reasonably satisfactory to Lender that no mechanics' lien exists with respect to the work of such restoration; that the restoration work has been completed and fully paid for in accordance with plans and specifications for said work approved by Lender; and that all Leases existing at the time the Loss occurred are in full force and effect with all tenants in possession and paying full Lease rental; and that all governmental approvals required for the completion of said restoration work and occupancy of the Property have been obtained and the same are in form and substance satisfactory to Lender.

If within a reasonable period of time after the occurrence of any Loss, Borrower shall not have submitted to Lender and received Lender's approval of plans and specifications for the repair, restoration or rebuilding of such Loss or shall not have obtained approval of such plans and specifications from all governmental authorities whose approval is required, or if, after such plans and specifications are approved by Lender and by all such governmental authorities, Borrower shall fail to commence promptly such repair, restoration or rebuilding, or if thereafter Borrower fails to carry out diligently such repair,



restoration or rebuilding or is delinquent in the payment to mechanics, materialmen or others of the costs incurred in connection with such work, or if any other condition of this Section 5 is not satisfied within a reasonable period of time after the occurrence of any such Loss, then, provided Lender has given Borrower notice specifying the particular failure and the cure required and Borrower has not implemented that cure or otherwise remedied the failure within thirty (30) days after receipt of such notice or within such additional time as may be reasonably required to commence and pursue curative action with reasonable diligence (but such additional time shall not exceed sixty (60) days), Lender may, in addition to all other rights herein set forth, at Lender's option, (A) declare that an Event of Default has occurred and/or apply all of the insurance proceeds payable with respect to such Loss to the payment of the Indebtedness in such order as Lender may elect, and/or (B) Lender, or any lawfully appointed receiver of the Property may at their respective options, perform or cause to be performed such repair, restoration or rebuilding, and may take such other steps as they deem advisable to carry out such repair, restoration or rebuilding, and may enter upon the Property for any of the foregoing purposes, and Borrower hereby waives, for itself and all others holding under it, any claim against Lender and such receiver (other than a claim based upon the alleged negligence or intentional misconduct of Lender or any such receiver) arising out of anything done by them or any of them pursuant to this Section 5 and Lender may in its discretion apply any proceeds held by it to reimburse itself and/or such receiver for all amounts expended or incurred by it in connection with the performance of such work, including actual attorneys' fees, and any excess costs shall be paid by Borrower to Lender and Borrower's obligation to pay such excess costs shall be secured by the lien of this Instrument and shall bear interest at the Default Rate set forth in the Note, until paid.

Nothing herein, and no authority given to Borrower to repair, rebuild or restore the Property or any portion thereof, shall be deemed to constitute Borrower the agent of Lender for any purpose, or to create, either expressly or by implication, any liens or claims or rights on behalf of laborers, mechanics, materialmen or other lien holders which could in any way be superior to the lien or claim of Lender, or which could be construed as creating any third party rights of any kind or nature to the insurance funds. At reasonable times during the work of restoration, and upon reasonable notice, Lender, either personally or by duly authorized agents, shall have the right to enter upon the Property for inspection of the work. Borrower expressly assumes all risk of loss, including a decrease in the use, enjoyment or value of the Property from any casualty whatsoever, whether or not insurable or insured against.

Except as otherwise provided in the Loan Documents or the Indemnity, Borrower waives any and all right to claim or recover against Lender or its officers, employees, agents and representatives, for loss of or damage to Borrower, the Property, Borrower's property or the property of others under Borrower's control from any cause insured against or required to be insured against under this Section 5.

6. PRESERVATION AND MAINTENANCE OF PROPERTY; COMPLIANCE WITH LAWS. Borrower (a) shall not commit waste or permit impairment or deterioration of the Property, (b) shall restore or repair promptly and in a good and workmanlike manner all or any part of the Property to the equivalent of its original condition, or such other condition as Lender may approve in writing, in the event of any damage, injury or loss thereto, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair, (c) shall keep the Property, including all improvements, fixtures, equipment, machinery and appliances thereon, in good repair and shall replace fixtures, equipment, machinery and appliances on the Property when necessary to keep such items in good repair, and (d) shall comply with all laws, ordinances, rules, regulations and requirements applicable to Borrower and/or the Property including, without limitation, the Alaska Mechanics Lien Act. Without limitation of the foregoing, Borrower shall comply, and shall cause each owner of equity interests in Borrower to comply, with the USA PATRIOT ACT and all laws, rules and regulations relating to import or export controls, anti-money laundering and terrorist financing (collectively, the "Anti-Terror Laws"). If Borrower and/or any of the owners of equity interests in Borrower fail to comply with any of the Anti-Terror Laws, Borrower hereby authorizes Lender to take such actions as may be required by the Anti-Terror Laws including, without limitation, refusing to accept payments from Borrower.



Borrower represents, warrants and covenants that the Property is and shall be in substantial compliance with the Americans with Disabilities Act of 1990 and all of the regulations promulgated thereunder, as the same may be amended from time to time.

7. USE OF PROPERTY. Unless required by applicable law or unless Lender has otherwise agreed in writing, Borrower shall not allow changes in the use for which all or any part of the Property was intended at the time this Instrument was executed. Borrower shall not, without Lender's prior written consent, (i) initiate or acquiesce in a change in the zoning classification (including any variance under any existing zoning ordinance applicable to the Property), (ii) permit the use of the Property to become a non-conforming use under applicable zoning ordinances, (iii) file any subdivision or parcel map affecting the Property, or (iv) amend, modify or consent to any easement or covenants, conditions and restrictions pertaining to the Property.

8. PROTECTION OF LENDER'S SECURITY. If an Event of Default shall have occurred and be continuing, or if any action or proceeding is commenced which affects the Property or title thereto or the interest of Lender therein, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Lender at Lender's option may make such appearances, disburse such sums and take such action as Lender deems necessary, in its sole discretion, to protect Lender's interest, including, but not limited to, (i) disbursement of attorneys' fees, (ii) entry upon the Property to make repairs, and (iii) procurement of satisfactory insurance as provided in Section 5 hereof.

Any amounts disbursed by Lender pursuant to this Section 8, with interest thereon, shall become additional Indebtedness of Borrower secured by this Instrument. Unless Borrower and Lender agree to other terms of payment, such amounts shall be immediately due and payable and shall bear interest from the date of disbursement at the Default Rate (as defined in the Note) until paid. Borrower hereby covenants and agrees that Lender shall be subrogated to the lien of any mortgage or other lien discharged, in whole or in part, by the Indebtedness. Nothing contained in this Section 8 shall require Lender to incur any expense or take any action hereunder.

9. INSPECTION. Lender may make or cause to be made reasonable entries upon the Property to inspect the interior and exterior thereof. Except in case of emergency, such inspection shall be with reasonable prior notice, shall be during usual business hours, and shall in any case be with due regard to rights of tenants.

10. FINANCIAL DATA. Borrower will furnish to, and will cause any guarantor of the Indebtedness to furnish to Lender, within one hundred twenty (120) days after the close of its fiscal year (i) annual balance sheet and profit and loss statements prepared in accordance with generally accepted accounting principles and practices consistently applied, certified by Borrower's manager and if Lender requires following the occurrence of an Event of Default, accompanied by the annual audit report of an independent certified public accountant reasonably acceptable to Lender, (ii) an annual operating statement, together with a complete rent roll and other supporting data reflecting all material information with respect to the operation of the Property and Improvements, and (iii) all other financial information and reports that Lender may from time to time reasonably request, including, if Lender so requires, income tax returns of Borrower and any guarantor of any portion of the Indebtedness. In addition, within one hundred twenty (120) days after the close of such tenant's fiscal year, Borrower shall furnish to Lender the financial statements of all tenants of the Property (and lease guarantors, if applicable) on whose credit Lender has relied in connection with the Loan, unless such tenant (or lease guarantor) shall be a governmental entity or a publicly reporting company under the Securities Exchange Act of 1934, as amended.

11. CONDEMNATION. If the Property, or any part thereof, shall be condemned for any reason, including without limitation fire or earthquake damage, or otherwise taken for public or quasi-public use under the power of eminent domain, or be transferred in lieu thereof, (such event being called a "Taking") and if an Event of Default has not occurred hereunder and is not continuing, Lender shall apply all such proceeds to the restoration, replacement and rebuilding of the Property, and such



restoration, replacement and rebuilding shall be accomplished, upon satisfaction of each and all of the following conditions: (i) except as provided in (ii) below, Lender shall be satisfied that by the expenditure of such proceeds the Property will be fully restored within a reasonable period of time to its value immediately preceding the Taking, free and clear of all liens, except the lien of this Instrument, the Permitted Exceptions and such other liens as are specifically approved by Lender in writing under this Instrument; (ii) in the event such proceeds shall be insufficient to restore or rebuild the Property, Borrower shall deposit promptly with Lender funds which, together with the proceeds, shall be sufficient in Lender's reasonable judgment to restore and rebuild the Property; (iii) the excess of such proceeds above the amount necessary to complete such restoration and compensate Borrower for all other losses shall be applied on account of the Indebtedness (first to interest, then to expenses reimbursable to Lender and then to principal amounts falling due under the Note without Prepayment Fee); (iv) Lender reviews and approves in writing the plans and specifications for the restoration work and Lender receives written evidence satisfactory to Lender that the same have been approved by all governmental authorities having jurisdiction; (v) Borrower shall have furnished to Lender, for Lender's approval, a detailed budget and cost breakdown for said restoration work signed by Borrower and describing the nature and type of expenses and amounts thereof estimated by Borrower for said restoration work including, but not limited to, the cost of material and supplies, architect and designer fees, general contractor's fees, and the anticipated monthly disbursement schedule, and Lender shall have given to Borrower written approval of such budget and cost breakdown (if Borrower determines at any time that its actual expenses differ or will differ from its estimated budget, it will so advise Lender promptly); (vi) Borrower has delivered to Lender evidence satisfactory to Lender that all Leases existing at the time of the Taking will remain in full force and effect subject only to abatement of rent in accordance with the terms of the Leases until completion of such repair and restoration; and (vii) in Lender's reasonable judgment, such restoration work can be completed at least six (6) months prior to the maturity of the Note.

In the event any of such conditions are not or cannot be satisfied, then all of the proceeds payable with respect to such Taking will be applied to the payment of the Indebtedness in such order as Lender may elect.

Under no circumstances shall Lender become obligated to take any action to restore the Property; all proceeds released or applied by Lender to the restoration of the Property pursuant to the provisions of this Section 11 shall be released and/or applied on the cost of restoration (including within the term "restoration" any repair, reconstruction or alteration) as such restoration progresses, in amounts which shall equal ninety percent (90%) of the amounts from time to time certified by an architect approved by Lender to have been incurred in such restoration of any and all of the Property (i.e., 90% of the total amount expended by the contractor for the project under a contract approved by Lender and billed by the contractor to Borrower) and performed by a contractor reasonably satisfactory to Lender and who shall furnish such corporate surety bond, if any, as may be reasonably required by Lender in accordance with the plans and specifications therefor approved by Lender and the remaining ten percent (10%) upon completion of such restoration and delivery to Lender of evidence reasonably satisfactory to Lender that no mechanics' lien exists with respect to the work of such restoration; that the restoration work has been completed and fully paid for in accordance with plans and specifications for said work approved by Lender; and that all Leases existing at the time the Taking occurred are in full force and effect with all tenants in possession and paying full Lease rental; and that all governmental approvals required for the completion of said restoration work and occupancy of the Property have been obtained and the same are in form and substance satisfactory to Lender.

If within a reasonable period of time after the occurrence of any Taking, Borrower shall not have submitted to Lender and received Lender's approval of plans and specifications for the repair, restoration or rebuilding of the Property or shall not have obtained approval of such plans and specifications from all governmental authorities whose approval is required, or if, after such plans and specifications are approved by Lender and by all such governmental authorities, Borrower shall fail to commence promptly such repair, restoration or rebuilding, or if thereafter Borrower fails to carry out diligently such repair, restoration or rebuilding or is delinquent in the payment to mechanics, materialmen or others of the costs incurred in connection with such work, or if any other condition of this Section 11 is not satisfied, and provided Lender has given Borrower written notice specifying the particular failure or



unsatisfied condition and the cure required and Borrower has not implemented that cure or otherwise remedied the failure or satisfied the condition within thirty (30) days after receipt of such notice or within such additional time as may be reasonably required to commence and pursue curative action with reasonable diligence (but such additional time shall not exceed sixty (60) days), then Lender may, in addition to all other rights herein set forth, at Lender's option, (A) declare that an Event of Default has occurred and/or apply all of the proceeds of the Taking to the payment of the Indebtedness in such order as Lender may elect, and/or (B) Lender, or any lawfully appointed receiver of the Property may at their respective options, perform or cause to be performed such repair, restoration or rebuilding, and may take such other steps as they deem advisable to carry out such repair, restoration or rebuilding, and may enter upon the Property for any of the foregoing purposes, and Borrower hereby waives, for itself and all others holding under it, any claim against Lender and such receiver (other than a claim based upon the alleged negligence or intentional misconduct of Lender or any such receiver) arising out of anything done by them or any of them pursuant to this Section 11 and Lender may in its discretion apply any proceeds held by it to reimburse itself and/or such receiver for all amounts expended or incurred by it in connection with the performance of such work, including actual attorneys' fees, and any excess costs shall be paid by Borrower to Lender and Borrower's obligation to pay such excess costs shall be secured by the lien of this Instrument and shall bear interest at the Default Rate set forth in the Note, until paid.

Nothing herein, and no authority given to Borrower to repair, rebuild or restore the Property or any portion thereof, shall be deemed to constitute Borrower the agent of Lender for any purpose, or to create, either expressly or by implication, any liens or claims or rights on behalf of laborers, mechanics, materialmen or other lien holders which could in any way be superior to the lien or claim of Lender, or which could be construed as creating any third party rights of any kind or nature to the proceeds. At reasonable times during the work of restoration, and upon reasonable notice, Lender, either personally or by duly authorized agents, shall have the right to enter upon the Property for inspection of the work. Borrower expressly assumes all risk of loss, including a decrease in the use, enjoyment or value of the Property from any casualty whatsoever, whether or not insurable or insured against.

12. BORROWER AND LIEN NOT RELEASED. From time to time, Lender may, at Lender's option, without giving notice to or obtaining the consent of Borrower, Borrower's successors or assigns or of any junior lienholder or guarantors, without liability on Lender's part and notwithstanding the occurrence of an Event of Default, extend the time for payment of the Indebtedness or any part thereof, reduce the payments thereon, release anyone liable on any of the Indebtedness (including but not limited to any guarantor), accept an extension or modification or renewal note or notes therefor, modify the terms and time of payment of the Indebtedness, enter into a loan modification agreement with Borrower, release from the lien of this Instrument any part of the Property, accept or release other or additional security, reconvey any part of the Property, consent to any map or plan of the Property, consent to the granting of any easement, join in any extension or subordination agreement, and agree in writing with Borrower to modify the rate of interest or period of amortization of the Note or change the amount of the monthly installments payable thereunder. Any actions taken by Lender pursuant to the terms of this Section 12 shall not affect the obligation of Borrower or Borrower's successors or assigns to pay the sums secured by this Instrument and to observe the covenants of Borrower contained herein, shall not affect the guaranty of any person, corporation, partnership or other entity for payment of the Indebtedness, and shall not affect the lien or priority of the lien hereof on the Property. Borrower shall pay Lender a reasonable service charge (based on Lender's then-current fee schedule for such matters), together with such title insurance premiums and attorneys' fees as may be incurred at Lender's option, for any such action if taken at Borrower's request or for other servicing requests, including but not limited to name changes, prepayments of the Indebtedness, and loan pay off statement requests. Such service charge is exclusive of any legal fees which may be incurred by Lender in connection with Borrower's request.

13. FORBEARANCE BY LENDER NOT A WAIVER. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any other right or remedy. The acceptance by Lender of payment of any sum secured by this Instrument after the due date of such payment shall not be a waiver of Lender's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes or other liens or



charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the Indebtedness secured by this Instrument, nor shall Lender's receipt of any awards, proceeds or damages under Sections 5 and 11 hereof operate to cure or waive Borrower's default in payment of sums secured by this Instrument.

14. UNIFORM COMMERCIAL CODE SECURITY AGREEMENT. This Instrument is intended to be a security agreement pursuant to the Uniform Commercial Code for any of the items specified above as part of the Property which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and Borrower hereby grants and conveys to Lender a first and prior security interest in all of the Property that constitutes personal property ("Collateral", for purposes of this Section 14), whether now owned or hereafter acquired. Borrower agrees that Lender may file this Instrument, or a reproduction thereof, in the real estate records or other appropriate index, as a financing statement for any of the items specified above as part of the Collateral. Any reproduction of this Instrument or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Lender may submit for filing any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this Instrument in such form as Lender may deem appropriate to perfect a security interest with respect to the foregoing items. Borrower shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all costs and expenses of any record searches for financing statements Lender may require.

Borrower expressly warrants and covenants:

(a) Except for the security interest granted hereby and the Permitted Exceptions, Borrower is the owner of the Collateral free from any lien, security interest or encumbrance. Borrower understands that any further encumbrance of the Collateral is prohibited. Borrower shall defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

(b) The Collateral is used or bought primarily for use in the business of Borrower and not for consumer purposes.

(c) Borrower's business address is as stated above. The Collateral is located at or on or is used or owned for or in connection with the Premises and other Property.

(d) Borrower shall promptly notify Lender of any change in the location of the Collateral or any change in Borrower's principal place of business.

(e) Borrower shall pay when due, prior to delinquency, all taxes and assessments of every nature which may be levied or assessed against the Collateral.

(f) Except for liens in favor of Lender, without Lender's prior written consent, Borrower shall not permit or allow any lien, security interest or encumbrance whatsoever upon the Collateral and shall not permit the Collateral to be attached or replevied. Lender's consent to a junior lien by an entity owned by, or under common control with, Lender shall not be unreasonably withheld.

(g) The Collateral is in good condition and Borrower shall keep the Collateral in good condition (reasonable wear and tear excepted) and from time to time, forthwith, replace and repair all such parts of the Collateral as may be broken, worn out, or damaged without allowing any lien to be created upon the Collateral on account of such replacement or repairs. Lender may examine and inspect the Collateral at any time, wherever located, subject to reasonable prior notice.



(h) Borrower will not use the Collateral in violation of any applicable statutes, regulations or ordinances.

(i) Borrower will not change its name or state of organization without giving Lender ninety (90) days prior written notice.

Until the occurrence of an Event of Default, Borrower may have possession of the Collateral and use it in any lawful manner. If an Event of Default shall have occurred and be continuing, Lender shall have the immediate right to the possession of the Collateral.

If an Event of Default shall have occurred and be continuing, Lender shall have the remedies of a secured party under the Uniform Commercial Code, and Lender may also invoke the remedies provided in Section 26 of this Instrument as to such items. In exercising any of said remedies Lender may proceed against the items of real property and any items of Collateral specified above separately or together and in any order whatsoever, without in any way affecting the availability of Lender's remedies under the Uniform Commercial Code or of the remedies provided in Section 26 of this Instrument. Following the occurrence of an Event of Default, within ten (10) days following any request therefor by Lender, Borrower shall prepare and deliver to Lender a written inventory specifically listing all of the Collateral covered by the security interest herein granted, which inventory shall be certified by Borrower as being true, correct, and complete.

FIXTURE FILING. The following information is provided in order that this Instrument shall comply with the requirements of the Uniform Commercial Code, as enacted in the State where the Premises are located, for instruments to be filed as financing statements and with other requirements of applicable law:

(a) Name of Borrower (Debtor) & Type of Organization:	716 WEST FOURTH AVENUE, LLC limited liability company
Address of Borrower:	425 G Street, Suite 210, Anchorage, Alaska 99501
Jurisdiction of Borrower's Organization:	Alaska
Borrower's Organizational ID No.	75015D
(b) Name of Lender (Secured Party):	EverBank
Address of Lender:	6464 185 th Avenue NE, Suite 200 Redmond, Washington 98052 Attention: Risk Department
(c) Collateral:	Fixtures located on the real property described on Exhibit A
(d) Record Owner of Real Estate Described on <u>Exhibit A</u> hereto:	Borrower
(e) Filing location:	Anchorage Records Office



15. LEASES OF THE PROPERTY. As used in this Section 15, the word "Lease" shall include subleases. Borrower shall comply with and observe Borrower's obligations as landlord under all Leases of the Property or any part thereof. All Leases now or hereafter entered into will be in form and substance subject to the approval of Lender. Borrower shall pay all attorneys' fees incurred by Lender in reviewing any Lease or proposed Lease. All Leases of the Property entered into after the date hereof shall specifically provide that such Leases are subordinate to this Instrument; that the tenant attorns to Lender, such attornment to be effective upon Lender's acquisition of title to the Property; that the tenant agrees to execute such further evidences of attornment as Lender may from time to time reasonably request; that the attornment of the tenant shall not be terminated by foreclosure; and that Lender may, at Lender's option, accept or reject such attornments (except as to third-party credit tenants unrelated to Borrower, as to which Lender shall grant a non-disturbance provision, including, without limitation, the tenant under the Tenant Lease). Borrower shall not, without Lender's written consent, request or consent to the subordination of any Lease of all or any part of the Property to any lien subordinate to this Instrument. If Borrower becomes aware that any tenant proposes to do, or is doing, any act or thing which may give rise to any right of set-off against rent, Borrower shall (i) take such steps as shall be reasonably calculated to prevent the accrual of any right to a set-off against rent, (ii) immediately notify Lender thereof in writing and of the amount of said set-offs, and (iii) within ten (10) days after such accrual, reimburse the tenant who shall have acquired such right to set-off or take such other steps as shall effectively discharge such setoff and as shall assure that Rents thereafter due shall continue to be payable without set-off or deduction. Upon Lender's receipt of notice of an asserted occurrence of any default or violation by Borrower of any of its obligations under the Leases and if Borrower has not cured or reasonably contested the asserted default or violation within the applicable periods for notice and cure under the Lease, Lender shall have the immediate right, but not the duty or obligation, without prior written notice to Borrower or to any third party (but with due regard for rights of tenants under Leases), to enter upon the Property and to take such actions as Lender may deem necessary to cure the default or violation by Borrower under the Leases. The costs incurred by Lender in taking any such actions pursuant to this paragraph shall become part of the Indebtedness, shall bear interest at the Default Rate provided in the Note, and shall be payable by Borrower to Lender on demand. Lender shall have no liability to Borrower or to any third party for any actions taken by Lender or not taken pursuant to this paragraph.

16. REMEDIES CUMULATIVE. Each remedy provided in this Instrument is distinct and cumulative to all other rights or remedies under this Instrument or afforded by law or equity, and may be exercised concurrently, independently, or successively, in any order whatsoever.

17. TRANSFERS OF THE PROPERTY OR BENEFICIAL INTERESTS IN BORROWER; SUBORDINATE FINANCING PROHIBITED; ASSUMPTION. Lender may, at its option, declare all sums secured by this Instrument to be immediately due and payable, and Lender may invoke any remedies permitted by Section 26 of this Instrument, if title to the Property is changed without the prior written consent of Lender, which consent shall be at Lender's sole discretion. Any transfer of any interest in the Property or in the income therefrom, by sale, lease (except for Leases to tenants in the ordinary course of managing income property which are approved by Lender pursuant to Section 15 of this Instrument), contract, mortgage, deed of trust, further encumbrance or otherwise (including any such transfers as security for additional financing of the Property), and any change in the ownership interests in Borrower (including any transfer, pledge, assignment, or hypothecation of, or other change in, the ownership interests in Borrower or any legal entities which comprise or control Borrower), shall be considered a change of title, except Permitted Transfers (as defined below). Leasehold deeds of trust and collateral assignments of any Lease of the Property given by tenants of the Property are prohibited without the prior written consent of Lender, which consent may be withheld in Lender's reasonable discretion. Notwithstanding the foregoing, additional but subordinate deeds of trust may be granted to Lender and, subject to the prior written consent of Lender, which consent may be withheld in Lender's sole discretion, may be granted to entities owned by or under common control with Lender.

Except as is specified below with respect to Permitted Transfers, Lender shall have the right to condition its consent to any proposed sale or transfer described in this Section 17 upon, among other things, Lender's approval of the transferee's creditworthiness and management ability, based on



Lender's then-current underwriting criteria for similar properties and transactions. Any sale or transfer shall be subject to the imposition of an assumption fee of one percent (1%) of the then outstanding balance of the Indebtedness, except that the assumption fee shall be \$2,000 in the case of Permitted Transfers.

Subject to the conditions set forth below, Lender will approve the following "Permitted Transfers": (a) changes in ownership interests in Borrower and the entities which comprise or control Borrower resulting from transfers to the parents, spouses, siblings, and/or lineal descendants of the current owner[s] of such interests upon the death of the current owner[s]; (b) transfers of direct or indirect interests in Borrower among the current owners of any such interests and to the parents, spouses, or lineal descendants of the current owners of such interests or into trusts established for the benefit of any of the foregoing, for bona-fide estate-planning or tax-planning purposes; (c) transfers of the Property or an interest in the Property to any of the persons described in the clause (b); and (d) any transfer of the Property to an entity of the State of Alaska. Requests for Permitted Transfers shall be made in writing. Except for a transfer of the Property to an entity of the State of Alaska, approval shall be subject to Lender's receipt and review of the following: (i) the transferee's organizational documents, confirmation of the transferee's authorized signatories, and transaction approval of the transferee; (ii) copies of valid driver's licenses or other acceptable photo identification for all transferees who are natural persons and for the principals and signatories of transferees who are not natural persons; (iii) the transferee's financial statements, W-9 forms, tax returns, credit and background checks on transferee and other customary due diligence (including but not limited to review of source of funds, Equifax and other credit reports) acceptable to Lender and as may be needed to determine credit status and compliance with anti-money laundering and anti-terrorism laws, regulations and orders.

Borrower and the transferee shall be required, prior to any sale or transfer of the Property, to execute a written assignment and assumption agreement containing such terms as Lender reasonably may require. Consent by Lender to one transfer of the Property shall not constitute consent to subsequent transfers or waiver of the provisions of this Section 17. No transfer by Borrower shall relieve Borrower of liability for payment of the Indebtedness, unless Lender shall otherwise agree in writing at the time of such transfer (provided that Lender shall release Borrower and each guarantor of the Indebtedness from all liability arising or accruing after the date the State of Alaska assumes liability for the payment of the Indebtedness). Borrower shall pay any recording tax, recording cost, title insurance premium, attorneys' fees, or other third-party expenses incurred by Lender in connection with any transfer, including Permitted Transfers.

Notwithstanding anything contained herein to the contrary, Lender shall not be required to consent to any transfers proposed by Borrower pursuant to this Section 17 (other than Permitted Transfers) prior to the two (2) year anniversary of the date of this Instrument.

18. NOTICES. Except for any notice required under applicable law to be given in another manner, any and all notices, elections, demands, or requests permitted or required to be made under this Instrument or under the Note shall be in writing, signed by the party giving such notice, election, demand or request, and shall be delivered personally, by telegram, or sent by certified or Express United States mail, postage prepaid, or by Federal Express or similar nationally recognized overnight delivery service requiring a receipt, to the other party at the address stated above, or to such other party and at such other address within the United States of America as any party may designate in writing as provided herein. The date of receipt of such notice, election, demand or request shall be the earliest of (i) the date of actual receipt, (ii) three (3) days after the date of mailing by certified mail, (iii) one (1) day after the date of sending via overnight delivery by Express Mail or the delivery (for redelivery) to Federal Express or another similar service requiring a receipt, or (iv) the date of personal delivery (or refusal upon presentation for delivery).

19. SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; AGENTS; CAPTIONS. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective heirs, successors and assigns of Lender and Borrower, subject to the provisions of Section 17 hereof. Lender may assign, sell, or transfer in whole or in part its interests in



the Loan, or any of its rights under any of the Loan Documents, including servicing rights, whether as part of a securitization transaction or by participation, assignment, sale or other transfer (in each case, a "Lender Transfer"). Upon a Lender Transfer of Lender's entire right and interest under the Loan Documents, Lender shall automatically be relieved, from and after the date of such assignment, of liability for the performance of any obligation of Lender contained in the Loan Documents. Each and every person or entity who is a "Borrower" under the Note, whether individuals, partners, partnerships, limited liability companies, or corporations, shall be jointly and severally liable for the obligations of Borrower hereunder, subject to the limitations on recourse set forth in the Note. In exercising any rights hereunder or taking any actions provided for herein, Lender may act through its employees, agents or independent contractors as authorized by Lender. The captions and headings of the sections of this Instrument are for convenience only and are not to be used to interpret or define the provisions hereof.

20. WAIVER OF STATUTE OF LIMITATIONS. To the extent permitted by law, Borrower hereby waives the right to assert any statute of limitations as a bar to the enforcement of the lien of this Instrument or to any action brought to enforce the Note or any other obligation secured by this Instrument.

21. WAIVER OF MARSHALLING. Notwithstanding the existence of any other security interests in the Property held by Lender or by any other party, Lender shall have the right to determine the order in which any or all of the Property shall be subjected to the remedies provided herein. Lender shall have the right to determine the order in which any or all portions of the Indebtedness secured hereby are satisfied from the proceeds realized upon the exercise of the remedies provided herein. Borrower, any party who consents to this Instrument and any party who now or hereafter acquires a security interest in the Property and who has actual or constructive notice hereof hereby waives any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein.

22. HAZARDOUS WASTE. Lender has obtained and Borrower has received a copy of and has reviewed a Phase I Environmental Site Assessment dated September 25, 2014, prepared by PARTNER (the "Report"). Except as disclosed to Lender in the Report, Borrower has received no notification and has no actual knowledge of any kind suggesting that the Property or any adjacent property is or may be contaminated with any hazardous waste or materials or is or may be required to be cleaned up in accordance with any applicable law or regulation; and Borrower further represents and warrants that, except as previously disclosed to Lender in writing, to the best of its knowledge as of the date hereof, there are no hazardous waste or materials located in, on or under the Property or any adjacent property, or incorporated in any Improvements, nor has the Property or any adjacent property ever been used as a landfill or a waste disposal site, or a manufacturing, handling, storage, distribution or disposal facility for hazardous waste or materials, except for reasonable quantities of ordinary office supplies, cleaning supplies, insecticides, pesticides, and paint used in the normal operation and maintenance of the Property, provided that the same are used, stored, handled, and disposed of in accordance with applicable laws ("Permitted Substances"). As used herein, the term "hazardous waste or materials" includes any substance or material defined in or designated as hazardous or toxic wastes, hazardous or toxic material, a hazardous, toxic or radioactive substance, or other similar term, by any federal, state or local statute, regulation or ordinance now or hereafter in effect. Borrower shall promptly comply with all statutes, regulations and ordinances, and with all orders, decrees or judgments of governmental authorities or courts having jurisdiction, relating to the use, collection, treatment, disposal, storage, control, removal or cleanup of hazardous waste or materials in, on or under the Property or any adjacent property, or incorporated in any Improvements, at Borrower's expense. In the event that Lender at any time has reason to believe that the Property is not free of all hazardous waste or materials other than Permitted Substances or that Borrower has violated any applicable environmental law with respect to the Property, then promptly upon request by Lender, Borrower shall order, diligently pursue obtaining and furnish to Lender, at Borrower's sole cost and expense, an environmental audit and inspection of the Property from an expert satisfactory to Lender. In the event that Borrower fails promptly to obtain such audit or inspection, Lender or its agents may perform or obtain such audit or inspection at Borrower's sole cost and expense. Lender may, but is not obligated to, enter upon the Property and take such actions and incur such costs and expenses to effect such compliance as it deems advisable to protect its interest



in the Property; and whether or not Borrower has actual knowledge of the existence of hazardous waste or materials on the Property or any adjacent property as of the date hereof, Borrower shall reimburse Lender as provided in Section 23 below for the full amount of all costs and expenses incurred by Lender prior to Lender acquiring title to the Property through foreclosure or acceptance of a deed in lieu of foreclosure, in connection with such compliance activities. Neither this provision nor any of the other Loan Documents shall operate to put Lender in the position of an owner of the Property prior to any acquisition of the Property by Lender. The rights granted to Lender herein and in the other Loan Documents are granted solely for the protection of Lender's lien and security interest covering the Property, and do not grant to Lender the right to control Borrower's actions, decisions or policies regarding hazardous waste or materials.

23. ADVANCES, COSTS AND EXPENSES. Borrower shall pay within ten (10) days after written demand from Lender all sums advanced by Lender and all costs and expenses incurred by Lender in taking any actions pursuant to the Loan Documents including attorneys' fees and disbursements, accountants' fees, appraisal and inspection fees and the costs for title reports and guaranties, together with interest thereon at the rate applicable under the Note after an Event of Default from the date such costs were advanced or incurred. All such costs and expenses incurred by Lender, and advances made, shall constitute advances under this Instrument to protect the Property and shall be secured by and have the same priority as the lien of this Instrument. If Borrower fails to pay any such advances, costs and expenses and interest thereon, Lender may apply any undisbursed loan proceeds to pay the same, and, without foreclosing the lien of this Instrument, may at its option commence an independent action against Borrower for the recovery of the costs, expenses and/or advances, with interest, together with costs of suit, costs of title reports and guaranty of title, disbursements of counsel and reasonable attorneys' fees incurred therein or in any appeal therefrom. If any check delivered by or on behalf of Borrower in payment of any monthly installment due on the Indebtedness or any other payment due hereunder shall be returned on account of insufficient funds, or if Lender is unable to debit Borrower's account for such payment in accordance with previously agreed automated funds withdrawal mechanism, Borrower shall pay a service charge in accordance with Lender's then-current fee schedule.

24. ASSIGNMENT OF LEASES AND RENTS. Borrower, for good and valuable consideration, the receipt of which is hereby acknowledged, to secure the Indebtedness, does hereby absolutely and unconditionally grant, bargain, sell, transfer, assign, convey, set over and deliver unto Lender all right, title and interest of Borrower in, to and under the Leases of the Property, whether now in existence or hereafter entered into, and all guaranties, amendments, extensions and renewals of said Leases and any of them, and all Rents which may now or hereafter be or become due or owing under the Leases, and any of them, or on account of the use of the Property.

Borrower represents, warrants, covenants and agrees with Lender as follows:

(a) The sole ownership of the entire lessor's interest in the Leases is vested in Borrower, and Borrower has not, and shall not, perform any acts or execute any other instruments which might prevent Lender from fully exercising its rights with respect to the Leases under any of the terms, covenants and conditions of this Instrument.

(b) The Leases shall not be altered, modified, amended, terminated, canceled, renewed or surrendered except as approved in writing by Lender, which approval shall not be unreasonably withheld or delayed, subject to Lender's then-current underwriting criteria for similar properties and transactions. The terms and conditions of the Leases shall not be waived in any manner whatsoever except as approved in writing by Lender, which approval shall not be unreasonably withheld or delayed, subject to Lender's then-current underwriting criteria for similar properties and transactions.

(c) Without limiting the foregoing: Borrower shall not decrease the term or the amount of rent payable under any Lease or amend the provisions in the Lease regarding assignment or subletting without prior written notice to Lender and Lender's consent.



(d) There are no defaults now existing under any of the Leases, and, to the best of Borrower's knowledge, there exists no state of facts which, with the giving of notice or lapse of time or both, would constitute a default under any of the Leases.

(e) Borrower shall give prompt written notice to Lender of any notice received by Borrower claiming that a default has occurred under any of the Leases on the part of Borrower, together with a complete copy of any such notice.

(f) Each of the Leases shall remain in full force and effect irrespective of any merger of the interest of lessor and any lessee under any of the Leases.

(g) Borrower will not permit any Lease to become subordinate to any lien other than the lien of this Instrument.

(h) Borrower shall not permit the assignment of the lessee's interest under any Lease without Lender's prior written consent, which consent shall not be unreasonably withheld or delayed, subject to Lender's then-current underwriting criteria for similar properties and transactions.

The assignment made hereunder is an absolute, present assignment from Borrower to Lender, effective immediately, and is not merely an assignment for security purposes but is irrevocable by Borrower so long as the Indebtedness remains outstanding. Notwithstanding the foregoing, until a notice is sent to the Borrower in writing that an Event of Default (as defined below) has occurred under the terms and conditions of the Note or any instrument constituting security for the Note (which notice is hereafter called a "Notice"), Borrower is granted a license to receive, collect and enjoy the Rents accruing from the Property.

If an Event of Default shall occur, Lender may, at its option, after service of a Notice, receive and collect all such Rents as they become due, from the Property. Lender shall thereafter continue to receive and collect all such Rents, until Lender shall otherwise agree in writing. All sums received by Borrower after service of such Notice shall be deemed received in trust and shall be immediately turned over to Lender.

If Lender shall have sent a Notice and shall be collecting Rents under this Section 24, Lender shall apply the Rents received from Borrower's lessees to accrued interest and principal under the Note. If no Event of Default remains uncured, amounts received in excess of the aggregate monthly payment due under the Note shall be remitted to Borrower in a timely manner. Nothing contained herein shall be construed to constitute Lender as a mortgagee-in-possession in absence of its physically taking possession of the Property.

Borrower hereby irrevocably appoints Lender its true and lawful attorney-in-fact with power of substitution and with full power for Lender in its own name and capacity or in the name and capacity of Borrower, from and after service of Notice, to demand, collect, receive and give complete acquittances for any and all Rents accruing from the Property, either in its own name or in the name of Borrower or otherwise, which Lender may deem necessary or desirable in order to collect and enforce the payment of the Rents and to demand, correct, receive, endorse, and deposit all checks, drafts, money orders or notes given in payment of such Rents. Such appointment is coupled with an interest and is irrevocable. Lender shall not be liable for or prejudiced by any loss of any note, checks, drafts, etc., unless such loss is found by a court of competent jurisdiction to have been due to the gross negligence or willful misconduct of Lender.

Borrower also hereby irrevocably appoints Lender from and after service of a Notice as its true and lawful attorney-in-fact to appear in any state or federal bankruptcy, insolvency, or reorganization proceeding in any state or federal court involving any of the tenants of the Leases. Lessees of the Property are hereby expressly authorized and directed, from and after service of a Notice

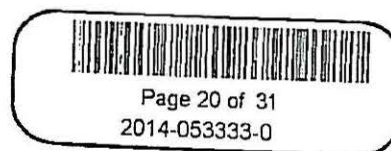


to pay any and all amounts due Borrower pursuant to the Leases to Lender or such nominee as Lender may designate in writing delivered to and received by such lessees who are expressly relieved of any and all duty, liability or obligation to Borrower in respect of all payments so made.

If an Event of Default shall occur, Lender is hereby vested with full power from and after service of a Notice to use all measures, legal and equitable, deemed by it necessary or proper to enforce the assignment granted hereunder and to collect the Rents assigned hereunder, including the right of Lender or its designee, to enter upon the Property, or any part thereof, and take possession of all or any part of the Property together with all personal property, fixtures, documents, books, records, papers and accounts of Borrower relating thereto, and may exclude the Borrower, its agents and servants, wholly therefrom. Borrower hereby grants full power and authority to Lender to exercise all rights, privileges and powers herein granted at any and all times after service of a Notice, with full power to use and apply all of the Rents and other income herein assigned to the payment of the costs of managing and operating the Property and of any indebtedness or liability of Borrower to Lender, including but not limited to the payment of taxes, special assessments, insurance premiums, damage claims, the costs of maintaining, repairing, rebuilding and restoring the Improvements on the Premises or of making the same rentable, reasonable actual attorneys' fees incurred in connection with the enforcement of the assignment granted hereunder, and of principal and interest payments due from Borrower to Lender on the Note and this Instrument, all in such order as Lender may determine. Lender shall be under no obligation to exercise or prosecute any of the rights or claims assigned to it hereunder or to perform or carry out any of the obligations of the lessor under any of the Leases and does not assume any of the liabilities in connection with or arising or growing out of the covenants and agreements of Borrower in the Leases. It is further understood that the assignment granted hereunder shall not operate to place responsibility for the control, care, management or repair of the Property, or parts thereof, upon Lender, nor shall it operate to make Lender liable for the performance of any of the terms and conditions of any of the Leases, or for any waste of the Property by any lessee under any of the Leases or any other person, or for any dangerous or defective condition of the Property or for any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any lessee, licensee, employee or stranger, unless the same shall have been found by a court of competent jurisdiction to have been due to the negligence or willful misconduct of Lender or any employee, agent, representative or other person or entity acting for or on behalf of Lender. Lender's rights under this paragraph shall be subject to the provisions of any non-disturbance agreement between Lender and any tenant of the Property.

25. DEFAULT. The following shall each constitute an event of default ("Event of Default"):

- (a) The occurrence of an "Event of Default" under the Note.
- (b) Failure of Borrower within the time required by this Instrument to make any payment for taxes, insurance or for reserves for such payments, or any other payment necessary to prevent filing of or discharge of any lien, and such failure shall continue for a period of ten (10) days after written notice is given to Borrower by Lender specifying such failure.
- (c) Failure by Borrower or any guarantor of the Loan to observe or perform its obligations to Lender on or with respect to any transactions, debts, undertakings or agreements other than the transaction evidenced by the Note, following the giving of any notice required thereunder and/or the expiration of any applicable period of grace provided thereby.
- (d) Failure of Borrower to make any payment or perform any obligation under any superior liens or encumbrances on the Property, within the time required thereunder, or commencement of any suit or other action to foreclose any superior liens or encumbrances.
- (e) Failure by Borrower to observe or perform any of its obligations under any of the Leases, following the giving of any notice required thereunder and/or the expiration of any applicable period of grace provided thereby.



(f) The Property is transferred or any agreement to transfer any part or interest in the Property in any manner whatsoever (other than an agreement that contemplates payment of the Indebtedness in full upon consummation of such agreement) is made or entered into without the prior written consent of Lender, except as specifically allowed under this Instrument, including without limitation creating or allowing any liens on the Property or leasing any portion of the Property.

(g) Filing by Borrower of a voluntary petition in bankruptcy or filing by Borrower of any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, or similar relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, or the seeking, consenting to, or acquiescing by Borrower in the appointment of any trustee, receiver, custodian, conservator or liquidator for Borrower, any part of the Property, or any of the Rents of the Property, or the making by Borrower of any general assignment for the benefit of creditors, or the inability of or failure by Borrower to pay its debts generally as they become due, or the insolvency on a balance sheet basis or business failure of Borrower, or the making or suffering of a preference within the meaning of federal bankruptcy law or the making of a fraudulent transfer under applicable federal or state law, or concealment by Borrower of any of its property in fraud of creditors, or the imposition of a lien upon any of the property of Borrower which is not discharged in the manner permitted by Section 4 of this Instrument, or the giving of notice by Borrower to any governmental body of insolvency or suspension of operations.

(h) Filing of a petition against Borrower seeking any reorganization, arrangement, composition, readjustment, liquidation, or similar relief under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debts, or the appointment of any trustee, receiver, custodian, conservator or liquidator of Borrower, of any part of the Property or of any of the Rents of the Property, unless such petition shall be dismissed within sixty (60) days after such filing or within such additional time as may be reasonably required to obtain such dismissal with reasonable diligence (but such additional time shall not exceed sixty (60) days), but in any event prior to the entry of an order, judgment or decree approving such petition.

(i) The institution of any proceeding for the dissolution or termination of Borrower voluntarily, involuntarily, or by operation of law, unless such proceeding shall be dismissed within sixty (60) days after such filing or within such additional time as may be reasonably required to obtain such dismissal with reasonable diligence (but such additional time shall not exceed sixty (60) days), but in any event prior to the entry of an order, judgment or decree for relief, or the death or legal adjudication of incompetence of Borrower.

(j) A material adverse change occurs in the assets, liabilities or net worth of Borrower from the assets, liabilities or net worth of Borrower previously disclosed to Lender.

(k) Any warranty, representation or statement furnished to Lender by or on behalf of Borrower under the Note, this Instrument, any of the other Loan Documents or the Indemnity, shall prove to have been false or misleading in any material respect when made.

(l) Failure of Borrower to observe or perform any covenant or condition contained herein or in any other Loan Document or the Indemnity, for which no different notice and cure period is provided, and such default shall continue for thirty (30) days after notice is given to Borrower specifying the nature of the failure, or if the default cannot be cured within such applicable cure period, Borrower fails within such time to commence and pursue curative action with reasonable diligence or fails at any time after expiration of such applicable cure period to continue with reasonable diligence all necessary curative actions; provided, however, that no notice of default and no opportunity to cure shall be required with respect to defaults under Section 17 hereof or if during the prior twelve (12) months Lender has already sent more than one (1) notice to Borrower specifying default(s) in performance of the same obligation.



(m) Failure of Borrower to observe or perform any other obligation under any other Loan Document or the Indemnity when such observance or performance is due, and such failure shall continue beyond the applicable cure period set forth in such Loan Document, or if the default cannot be cured within such applicable cure period, Borrower fails within such time to commence and pursue curative action with reasonable diligence or fails at any time after expiration of such applicable cure period to continue with reasonable diligence all necessary curative actions. No notice of default and no opportunity to cure shall be required if during the prior twelve (12) months Lender has already sent more than one (1) notice to Borrower specifying default(s) in performance of the same obligation.

(n) Borrower's abandonment of the Property, or, subject to Section 46 below, the termination before the end of the stated term of the Tenant Lease.

(o) Any of the events specified in (g)-(j) above shall occur with respect to any tenant of the Property or with respect to any guarantor of any tenant's obligations relating to the Property.

(p) Any of the events specified in (g)-(j) above shall occur with respect to any guarantor of any of Borrower's obligations in connection with the Indebtedness or such guarantor dies or is declared legally incompetent.

(q) Subject to Section 46 below, if the Tenant Lease terminates prior to May 31, 2024.

26. RIGHTS AND REMEDIES ON DEFAULT.

26.1 Remedies. Upon the occurrence of any Event of Default and at any time thereafter, Trustee, or Lender may exercise any one or more of the following rights and remedies:

(a) Lender may declare all sums secured by this Instrument immediately due and payable, including any Prepayment Fee which Borrower would be required to pay.

(b) The Trustee shall have the right to foreclose by notice and sale, or Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with applicable law.

(c) In the event of any foreclosure, to the extent permitted by applicable law, and subject to the limitations on recourse set forth in the Note, Lender will be entitled to a judgment which will provide that if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for any amount by which the unpaid balance of the obligations secured by this Instrument exceeds the net sale proceeds payable to Lender.

(d) With respect to all or any part of the Property that constitutes personal property, Lender shall have all rights and remedies of secured party under the Uniform Commercial Code.

(e) Lender shall have the right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, to collect all the Rents from the Property and apply the proceeds, over and above cost of the receivership, against the sums due under this Instrument, and to exercise all of the rights with respect to the Property described in Section 24 above. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not apparent value of the Property exceeds the sums due under this Instrument by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.



(f) In the event Borrower remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Borrower, Borrower shall become a tenant at will of Lender or the purchaser of the Property and shall pay a reasonable rental for use of the Property while in Borrower's possession.

(g) Trustee and Lender shall have any other right or remedy provided in this Instrument, the Note, or any other Loan Document or instrument delivered by Borrower in connection therewith, or available at law, in equity or otherwise.

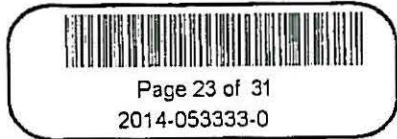
(h) Lender shall have all the rights and remedies set forth in Sections 23 and 24.

26.2 Sale of the Property. In exercising its rights and remedies, the Trustee or Lender may, at Lender's sole discretion, cause all or any part of the Property to be sold as a whole or in parcels, and certain portions of the Property may be sold without selling other portions. Lender may bid at any public sale on all or any portion of the Property.

(a) (i) Lender may, by and through Trustee, or otherwise, sell or offer for sale the Property in such portions, order and parcels as Lender may determine, with or without having first taken possession of same, to the highest bidder for cash at public auction in accordance with the requirements of the applicable laws of the State of Alaska. In instances where the Property is located in the State of Alaska, such sale shall be made in the municipality, city, county, or borough, as may be applicable, in which the Property (or any of that portion thereof to be sold) is located, whether the parts or parcels thereof, if any, in different counties are contiguous or not (and without the necessity of having any personal property present at such sale) in the area designated for foreclosure sales by the appropriate laws of the State of Alaska (or, if no area has been designated, at a location designated by Lender by or through Trustee in the written notice hereinafter described) after advertising the name of the Borrower and the time, place and terms of sale and that portion of the Property to be sold by advertising the sale as required by applicable law in a newspaper published in the municipality, city, county, or borough, as may be applicable, in which part of the Property lies and by posting or causing to be posted written or printed notice thereof at the courthouse of each municipality, city, county, or borough, as may be applicable, in which the Property is located. The written notice shall include the earliest time at which the sale will be held. Lender shall serve, or shall cause to be served before the date of sale, written or printed notice of the proposed sale by certified mail on each debtor obligated to pay the Indebtedness according to the records of Lender by the deposit of such notice in the United States mail, postage prepaid and addressed to each debtor at such debtor's last known address as shown by the records of Lender. The affidavit of a person knowledgeable of the facts to the effect that service was completed is prima facie evidence of service.

(ii) Lender, may, at its option, accomplish all or any of the aforesaid in such manner as permitted or required by the applicable laws of the State of Alaska relating to the sale of real property or by the Uniform Commercial Code as adopted by the State of Alaska relating to the sale of personalty after default by a debtor (as said section and chapter now exist or may be hereinafter amended or succeeded), or by any other present or subsequent articles or enactments relating to same. At any such sale:

(A) whether made under the power herein contained, the applicable laws of the State of Alaska, Uniform Commercial Code as adopted by the State of Alaska, any other legal requirement or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it shall not be necessary for Trustee to have physical possession, or to have constructive possession of, the Property (Borrower shall deliver to Trustee any portion of the Property not actually or constructively possessed by Trustee immediately upon demand by Trustee), and the title to and right of possession of any such property shall pass to the



purchaser thereof as completely as if the same had been actually present and delivered to purchaser at such sale; and

(B) to the extent and under such circumstances as are permitted by law, Lender may be a purchaser at any such sale.

(b) If at the time of the sale the said Trustee, or the one acting, shall deem it best for any reason to postpone or continue said sale for one or more days, they or he may do so, in which event notice of such postponement or continuance shall be made in such manner as the Trustee, or the one acting, may deem sufficient under the laws of the state in which the Premises are located.

(c) At any such public sale, Trustee may execute and deliver to the purchaser a conveyance of the Property or any part of the Property in fee simple without warranty and, to this end, Borrower hereby constitutes and appoints Trustee the agent and attorney-in-fact of Borrower to make such sale and conveyance, and thereby to divest Borrower of all right, title or equity that Borrower may have in and to the Property and to vest the same in the purchaser or purchasers at such sale or sales. Said appointment is coupled with an interest and shall be irrevocable.

(d) Upon any public sale pursuant to the aforementioned power of sale and agency, the proceeds of said sale shall be applied as provided by law. In the event that such proceeds are insufficient to pay all costs and expenses of sale, Lender may advance such sums as it in its sole and absolute discretion shall determine for the purpose of paying all or any part of such costs and expenses, and all such sums shall be a part of the Indebtedness, payable on demand with interest at the Default Rate provided in the Note. Borrower shall remain liable for any deficiency resulting if the proceeds of sale are inadequate to repay the Indebtedness.

(e) To the extent allowed by applicable law, Borrower hereby waives and relinquishes any and all rights of redemption provided by the law of the State of Alaska.

26.3 Notice of Sale. Lender shall give Borrower reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or other intended disposition of the personal property is to be made. Reasonable notice shall mean notice given in accordance with applicable law, including notices given in the manner and at the times required for notices in a nonjudicial foreclosure.

26.4 Waiver; Election of Remedies. A waiver by either party of a breach of a provision of this Instrument shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and all remedies of Lender under this Instrument are cumulative and not exclusive. An election to make expenditures or take action to perform an obligation of Borrower shall not affect Lender's right to declare a default and exercise its remedies under this Instrument.

27. RECONVEYANCE. Upon payment of all sums secured by this Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Instrument and all notes evidencing Indebtedness secured by this Instrument to Trustee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled thereto. Such person or persons shall pay Trustee's costs incurred in so reconveying the Property.

28. PROVISIONS REGARDING TRUSTEE. Trustee shall not be liable for any error of judgment or act done by Trustee, or be otherwise responsible or accountable under any circumstances whatsoever. Trustee shall not be personally liable in case of entry by it or anyone acting by virtue of the powers herein granted it upon the Property for debts contracted or liability or damages incurred in the management or operation of the Property. All monies received by Trustee shall, until used or applied as



herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other monies (except to the extent required by law) and Trustee shall be under no liability for interest on any monies received by it hereunder.

Trustee may resign by giving of notice of such resignation in writing to Lender. If Trustee shall die, resign or become disqualified from acting, or shall fail or refuse to exercise its powers hereunder when requested by Lender so to do, or if for any reason and without cause Lender shall prefer to appoint a substitute trustee to act instead of the original Trustee named herein, or any prior successor or substitute trustee, Lender shall have full power to appoint a substitute trustee and, if preferred, several substitute trustees in succession who shall succeed to all the estate, rights, powers and duties of the aforementioned Trustee. Upon appointment by Lender and upon recording of the substitution in the land records of the municipality, city or county in which the Premises are located, any new Trustee appointed pursuant to any of the provisions hereof shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its predecessor in the rights hereunder with the same effect as if originally named as Trustee herein.

29. USE OF PROPERTY. The Property is not currently used for residential, agricultural, farming, timber or grazing purposes. Borrower warrants that this Instrument is and will at all times constitute a commercial trust deed, as defined under appropriate state law.

30. FUTURE ADVANCES. Upon request of Borrower, Lender, at Lender's option so long as this Instrument secures indebtedness held by Lender, may make Future Advances to Borrower. Such Future Advances, with interest thereon, shall be secured by this Instrument when evidenced by promissory notes stating that said notes are secured hereby.

31. IMPOSITION OF TAX BY STATE.

Section applies: 31.1 State Taxes Covered. The following constitute state taxes to which this

(a) A specific tax upon trust deeds or upon all or any part of the indebtedness secured by a trust deed.

(b) A specific tax on a Borrower which the taxpayer is authorized or required to deduct from payments on the indebtedness secured by a trust deed.

(c) A tax on a trust deed chargeable against the beneficiary or the holder of the note secured.

(d) A specific tax on all or any portion of the indebtedness or on payments of principal and interest made by a Borrower.

31.2 Remedies. If any state tax to which this Section applies is enacted subsequent to the date of this Instrument, this shall have the same effect as an Event of Default, and Lender may exercise any or all of the remedies available to it unless the following conditions are met:

(a) Borrower may lawfully pay the tax or charge imposed by state tax; and

(b) Borrower pays the tax or charge within thirty (30) days after notice from Lender that the tax has been levied or at least ten (10) days prior to the date as of which the payment of the tax is due or delinquent, whichever is latest.

32. ATTORNEYS' FEES. In the event suit or action is instituted to enforce or interpret any of the terms of this Instrument (including without limitation efforts to modify or vacate any automatic stay or injunction), the prevailing party shall be entitled to recover all expenses reasonably



incurred at, before and after trial and on appeal whether or not taxable as costs, or in any bankruptcy proceeding including, without limitation, attorneys' fees, witness fees (expert and otherwise), deposition costs, copying charges and other expenses. Whether or not any court action is involved, all reasonable expenses, including but not limited to the costs of searching records, obtaining title reports, surveyor reports, title insurance, trustee fees, and other attorney fees, incurred by Lender that are necessary at any time in Lender's opinion for the protection of its interest or enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest from the date of expenditure until repaid at the interest rate as provided in the Note. The term "attorneys' fees" as used in the Loan Documents shall be deemed to mean such fees as are reasonable and are actually incurred.

33. GOVERNING LAW; SEVERABILITY. This Instrument shall be governed by the law of the State of Alaska applicable to contracts made and to be performed therein (excluding choice-of-law principles). In the event that any provision or clause of this Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Instrument or the Note which can be given effect without the conflicting provision, and to this end the provisions of this Instrument and the Note are declared to be severable.

34. TIME OF ESSENCE. Time is of the essence of this Instrument.

35. CHANGES IN WRITING. This Instrument and any of its terms may only be changed, waived, discharged or terminated by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. Any agreement subsequently made by Borrower or Lender relating to this Instrument shall be superior to the rights of the holder of any intervening lien or encumbrance.

36. NO OFFSET. Borrower's obligation to make payments and perform all obligations, covenants and warranties under this Instrument and under the Note shall be absolute and unconditional and shall not be affected by any circumstance, including without limitation any setoff, counterclaim, abatement, suspension, recoupment, deduction, defense or other right that Borrower or any guarantor may have or claim against Lender or any entity participating in making the loan secured hereby. The foregoing provisions of this section, however, do not constitute a waiver of any claim or demand which Borrower or any guarantor may have in damages or otherwise against Lender or any other person, or preclude Borrower from maintaining a separate action thereon; provided, however, that Borrower waives any right it may have at law or in equity to consolidate such separate action with any action or proceeding brought by Lender.

37. WAIVER OF JURY TRIAL. BORROWER AND LENDER HEREBY KNOWINGLY, VOLUNTARILY AND INTELLIGENTLY WAIVE ANY AND ALL RIGHTS THAT EACH PARTY TO THIS AGREEMENT MAY NOW OR HEREAFTER HAVE UNDER THE LAWS OF THE UNITED STATES OF AMERICA OR THE STATE IN WHICH THE PROPERTY IS LOCATED, TO A TRIAL BY JURY OF ANY AND ALL ISSUES ARISING DIRECTLY OR INDIRECTLY IN ANY ACTION OR PROCEEDING RELATING TO THIS INSTRUMENT, THE LOAN DOCUMENTS OR ANY TRANSACTIONS CONTEMPLATED THEREBY OR RELATED THERETO. IT IS INTENDED THAT THIS WAIVER SHALL APPLY TO ANY AND ALL DEFENSES, RIGHTS, CLAIMS AND/OR COUNTERCLAIMS IN ANY SUCH ACTION OR PROCEEDING. BORROWER UNDERSTANDS THAT THIS WAIVER IS A WAIVER OF A CONSTITUTIONAL SAFEGUARD, AND EACH PARTY INDIVIDUALLY BELIEVES THAT THERE ARE SUFFICIENT ALTERNATE PROCEDURAL AND SUBSTANTIVE SAFEGUARDS, INCLUDING, A TRIAL BY AN IMPARTIAL JUDGE, THAT ADEQUATELY OFFSET THE WAIVER CONTAINED HEREIN.

38. MAXIMUM INTEREST CHARGES. In accordance with applicable provisions of the Note, Borrower and Lender intend to comply with the applicable law governing the highest lawful rate and the maximum amount of interest payable on or in connection with the Loan. Such provisions of the Note shall be controlling with respect to all Loan Documents between Borrower and Lender in order to ensure compliance with applicable laws. By execution of this Instrument, Borrower acknowledges that it believes the Loan to be nonusurious and agrees that if, at any time, Borrower should have reason to



believe that the Loan is in fact usurious, it will give Lender written notice of its belief and the reasons why Borrower believes the Loan to be usurious, and Borrower agrees that Lender shall have ninety (90) days following its receipt of such written notice in which to make appropriate refund or other adjustment in order to correct such condition if it in fact exists.

39. INFORMATION SHARING. Borrower and each of Borrower's affiliates hereby authorize Lender to disclose information about the Property, Borrower or Borrower's affiliates that Lender may at any time possess to any subsidiary or affiliate of Lender, whether such information was supplied by Borrower to Lender or otherwise obtained by Lender, and to any purchaser of the Loan or a participation interest therein.

40. APPRAISAL. Lender must receive an appraisal of the Property that is compliant with the Financial Institutions Reform Recovery and Enforcement Act of 1989, as amended ("FIRREA"), performed by state certified appraisers. If at any time Lender shall determine in good faith that an appraisal of the Property is required as a result of (a) any law, regulation or guideline or any change or interpretation thereof; (b) any central bank or other fiscal, monetary or other governmental authority having jurisdiction over Lender or the activities of Lender requesting, directing or imposing a condition upon Lender (whether or not such request, direction or condition shall have the force of law); or (c) Lender, in its sole discretion deems an appraisal appropriate or necessary, then Lender may require that Borrower provide, at Borrower's sole cost and expense within 45 days after Lender's request (but not more than once during each calendar year, an update or supplement to the previously furnished appraisal for the Property indicating the present appraised fair market value of the Property, with such update or supplement being prepared by a state certified appraiser in compliance with FIRREA.

41. BORROWER'S FUNDS. Borrower represents, warrants and covenants to Lender that:

(a) It has taken, and shall continue to take until after the Loan is fully repaid, such measures as are required by law to verify that the funds invested in the Borrower are derived (i) from transactions that do not violate U.S. law nor, to the extent such funds originate outside the United States, do not violate the laws of the jurisdiction in which they originated; and (ii) from permissible sources under U.S. law and to the extent such funds originate outside the United States, under the laws of the jurisdiction in which they originated.

(b) To the best of its knowledge, neither Borrower, nor any holder of a direct interest in Borrower, nor any person providing funds to Borrower (i) is under investigation by any governmental authority for, or has been charged with, or convicted of, money laundering, drug trafficking, terrorist related activities, any crimes which in the United States would be predicate crimes to money laundering, or any violation of any Anti-Money Laundering Laws; (ii) has been assessed civil or criminal penalties under any Anti-Money Laundering Laws; and (iii) has had any of its/his/her funds seized or forfeited in any action under any Anti-Money Laundering Laws.

(c) Borrower shall make payments on the Loan solely from funds invested in Borrower, operating revenues or insurance proceeds unless otherwise agreed to by Lender.

(d) To the best of Borrower's knowledge, as of the date hereof and at all times during the term of the Loan, all operating revenues are and will be derived from lawful business activities of Property tenants or other permissible sources under U.S. law.

(e) On the Maturity Date, Borrower will take reasonable steps to verify that funds used to repay the Loan in full (whether in connection with a refinancing, asset sale or otherwise) are from sources permissible under U.S. law and to the extent such funds originate outside the United States, permissible under the laws of the jurisdiction in which they originated.



42. COMPLIANCE WITH ANTI-TERRORISM AND ANTI-MONEY LAUNDERING LAWS. Borrower represents, warrants, covenants and agrees, as of the Closing Date and continuing throughout the term of this Agreement, that:

(a) It is, and at all times shall take all commercially reasonable steps to remain, in compliance with the Office of Foreign Assets Control sanctions and regulations promulgated under the authority granted by the Trading with the Enemy Act ("TWEA"), 50 U.S.C. App. Section 1 et seq., and the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. Section 1701 et seq., as the TWEA and the IEEPA may apply to Borrower's activities;

(b) It is, and at all times shall take all commercially reasonable steps to remain, in compliance with the Patriot Act and all rules and regulations promulgated under the Patriot Act applicable to Borrower; and

(c) It (i) is not now, nor has ever been under investigation by any governmental authority for, nor has been charged with or convicted for a crime under, 18 U.S.C. Sections 1956 or 1957 or any predicate offense thereunder, or a violation of the Bank Secrecy Act; (ii) has never been assessed a civil penalty under any anti-money laundering laws or predicate offenses thereunder; (iii) has not had any of its funds seized, frozen or forfeited in any action relating to any anti-money laundering laws or predicate offenses thereunder; (iv) has taken such steps and implemented such policies as are reasonably necessary to ensure that Borrower is not promoting, facilitating or otherwise furthering, intentionally or unintentionally, the transfer, deposit or withdrawal of criminally-derived property, or of money or monetary instruments which are (or which Borrower suspects or has reason to believe are) the proceeds of any illegal activity or which are intended to be used to promote or further any illegal activity; and (v) has taken such steps and implemented such policies as are reasonably necessary to ensure that Borrower is in compliance with all laws and regulations applicable to its business for the prevention of money laundering and with anti-terrorism laws and regulations, with respect both to the source of funds from its investors and from its operations, and that such steps include the development and implementation of an anti-money laundering compliance program within the meaning of Section 352 of the Patriot Act, to the extent Borrower is required to develop such a program under the rules and regulations promulgated pursuant to Section 352 of the Patriot Act.

43. FURTHER ASSURANCES AND CORRECTIONS. From time to time, at the written request of Lender, Borrower shall (a) promptly correct any defect, error, or omission which may be discovered in the contents of this Instrument or in any of the Loan Documents or in the execution or acknowledgement thereof, and (b) execute, acknowledge, deliver, record, and/or file such further instruments (including, without limitation, further deeds of trust, pledges, mortgages, lien instruments, security agreements, consents, acknowledgements, subordinations, financing statements, continuation statements, and assignments of leases and rents) and perform such further acts and provide such further assurances as Lender reasonably may deem necessary, desirable or proper to carry out more effectively the purposes of this Instrument and the Loan Documents.

44. INTEGRATION. This Instrument, the other Loan Documents, Guaranty and the Indemnity constitute the entire agreement among Lender, Guarantor and Borrower concerning the Indebtedness and supersede all prior agreements, including any loan commitment letter and any loan proposals. There are no understandings, agreements, representations or warranties, express or implied, not specified in such documents regarding Indebtedness.

45. CASH SWEEP. Unless by December 1, 2023, Tenant and Borrower have amended the Tenant Lease to extend the term of the Tenant Lease to at least May 31, 2029 at rents reasonably approved by Lender pursuant to a lease amendment approved by Lender, then commencing on December 1, 2023, all Base Monthly Rental (as such term is defined in the Tenant Lease) shall be paid directly to Lender and held and applied by Lender in accordance with the terms of this Section 45. The payments to Lender described in this Section 45 are called the "Full Cash Sweep". The Full Cash Sweep shall terminate upon Lender's receipt and approval (in Lender's sole discretion) of a new lease



agreement which replaces the Tenant Lease upon the expiration thereof, with a tenant approved by Lender or Borrower exercises its right under Section 46 below, if applicable. The Base Monthly Rental received by Lender pursuant to this Section 45 shall be applied first to amounts then due and payable on the Note; thereafter, the balance of each such payment of Base Monthly Rental shall be applied, to reduce the unpaid principal balance of the Note without payment of the Prepayment Fee as described in the Note. Lender reserves the right to direct Tenant to pay all Base Monthly Rental from and after December 1, 2023, directly to Lender in accordance with this Section 45.

46. LIMITED EXTENSION RIGHT. Notwithstanding Section 25(o) or (q) above, if the Tenant Lease is terminated on or before May 31, 2023 for any reason other than (a) the occurrence of a default by Borrower thereunder or (b) a voluntary termination by Borrower which violates the terms of this Instrument, then provided that no other Event of Default has occurred which is continuing, Lender will not exercise its right to declare the Indebtedness to be immediately due and payable for a period of twelve (12) months thereafter if (a) within thirty (30) days following the date of any such termination, Borrower delivers to Lender a cash deposit equal to the amount estimated by Lender in its sole discretion to equal the twelve (12) monthly payments of principal and interest which will become due on the Note during the period the ensuing twelve (12) month period, which deposit shall be applied to the payments of principal and interest becoming due on the Note during such twelve (12) month period (and Borrower shall remain liable for any deficiency in the event the amount of such deposit is not sufficient to cover all of such payments), and (b) no other Event of Default occurs during such twelve (12) month period. If Borrower does not enter into a lease with a third party tenant approved by Lender and otherwise on terms reasonably acceptable to Lender at least thirty (30) days prior to the expiration of such twelve (12) month period, then Lender shall have the right to declare the Indebtedness to be immediately due and payable upon the expiration of such twelve (12) month period, in which event Borrower shall pay the entire amount of the Indebtedness to Lender upon demand.

IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.

IN WITNESS WHEREOF, Borrower has executed this Instrument or has caused the same to be executed under seal by its representatives thereunto duly authorized.

BORROWER:

716 WEST FOURTH AVENUE, LLC,
an Alaska limited liability company



Mark E. Pfeffer, Manager

EXHIBITS:

Exhibit A - Description of Property

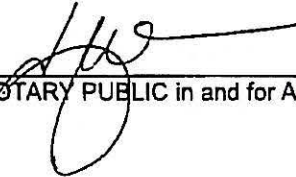


STATE OF ALASKA)
)
THIRD JUDICIAL DISTRICT)

ss.

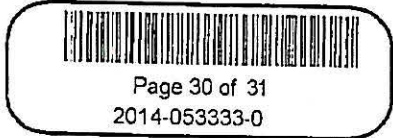
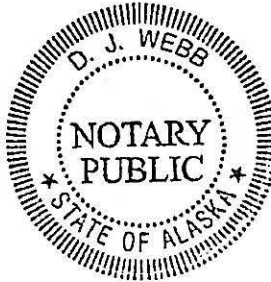
THIS IS TO CERTIFY that on the 23rd day of December, 2014, before me, the undersigned Notary Public in and for the State of Alaska, duly commissioned and worn as such, personally appeared MARK E. PFEFFER, known to me and to me known to be the individual named in and who executed the above and foregoing SNDA on behalf of **716 WEST FOURTH AVENUE, LLC**, in his authorized capacity as Manager and he acknowledged to me that he executed the foregoing SNDA as the free and voluntary act and deed of his principal for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day, month and year first above written.



NOTARY PUBLIC in and for Alaska

My Commission expires:
1-22-2017



Escrow No.: F-50986
Loan Number 6326840-001

Title No.: F-50986

EXHIBIT "A"

LEGAL DESCRIPTION

PARCEL 1:

Lot 3A-1, Block 40, ANCHORAGE ORIGINAL TOWNSITE, according to the official plat thereof, filed under Plat Number 2014-21, in the records of the Anchorage Recording District, Third Judicial District, State of Alaska.

PARCEL 2:

Easement for joint use of a common wall as set forth and described in instruments recorded January 22, 1917 in Book 3 at Page 293, August 21, 1918 in Book 5 at Page 300 and July 13, 1923 in Book 10 at Page 83, in the Anchorage Recording District, Third Judicial District, State of Alaska.

PARCEL 3:

Easement for a perpetual underground power and lighting plant and for a four foot stairway as set forth and described in instrument recorded July 13, 1923 in Book 10 at Page 83, in the Anchorage Recording District, Third Judicial District, State of Alaska.

PARCEL 4:

Easement for sewer and water pipes and wires, telephone and power wires as set forth and described in instrument recorded July 13, 1923 in Book 10 at Page 83, in the Anchorage Recording District, Third Judicial District, State of Alaska.

