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USDA-FmHA
Form FmHA 427-7 WA
(Rev. 3-7-78)

REAL ESTATE TRUST FOR WASHINGTON

(Local Housing)

February 7, 1979

5K1299

3-8-70-10-900

THIS DEED OF TRUST is made and entered into by and between the following:

DAVID L. KREBS and GLORIA A. KREBS

P. O. Box 321, Carson, Washington 98610

SKAMANIA

residing in _____ County, Washington, are hereby herein called "Borrower," and the Farmers Home Administration, United States Department of Agriculture, hereinafter called the State Director of the Farmers Home Administration for the State of Washington, whose principal office is located in Room 311 Federal Office Building, 301 Yakima Street, Wenatchee, Washington 98801, hereinafter called "Government," and the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, as beneficiary, herein called the "Government," and

WHEREAS Borrower is indebted to the Government as evidenced by one or more promissory notes or assignments (hereinafter called "note," which has been executed by Borrower as provided in the terms of the Government's authorization of the entire indebtedness at the option of the Government agent as set forth by Borrower, and is described as follows:

Date of instrument

Borrowed Amount

Term of instrument

Maturity of instrument

2-7-79

\$33,000.00

8 3/4 %

2-7-2012

This note evidences a loan to Borrower, and the Government, at any time, may assign the loan and may, in its discretion, hereinafter called Title V of the Housing Act of 1949, and

it is the purpose and intent of this instrument that, unless otherwise stated, all debts when the note is paid by the Government or, at the option of the Government, should remain the debt of the Government and not of the note; the Government shall receive payment of the note but when the note is paid by the Government, the Government shall receive payment of the note or attach to the debt evidenced thereby, but as to the note, and such debt shall remain an indebtedness of the Government to secure the Government against loss under its insurance contract by reason of any default by Borrower.

NOW, THE BORROWER, in consideration of the loan to Borrower and in trust to the Trustee, the following described property situated in the State of Washington, County of _____ SKAMANIA _____ which said described real property is to be used principally for agricultural purposes:

A tract of land in the Southeast Quarter of the Northeast Quarter of Section 20, Township 3 North, Range 8 E.W.M. described as follows:

Beginning at the Southwest corner of the Northeast Quarter of the Northeast Quarter of Section 20, Township 3 North, Range 8 E.W.M., Thence South 65 rods; thence East 40 rods to the initial point of the tract hereby described; thence East 16 rods; thence South 20 rods; thence West 16 rods; thence North 20 rods to the initial point.

THIS DAY OF FEBRUARY 1937

WITNESSES

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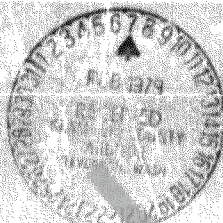
WITNESSES

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together with all rights, interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues, and profits thereof and revenues and income therefrom, all improvements and personal property now or later attached thereto or reasonably necessary to the use thereof, including, but not limited to, ranges, refrigerators, clothes washers, clothes dryers, or carpeting purchased or financed in whole or in part with loan funds, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation or any part thereof or interest therein or of which are hereinafter called "the property".

TO HAVE AND TO HOLD the property unto Trustee, Trustee's successors, grantees, and assigns forever.

IN TRUST, NEVERTHELESS, (a) at all times when the note is held by the Government, or in the event the Government should at any time without insurance of the payment of the note, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision for the payment of all insurance or other charge; (b) at all times when the note is held by an insured holder, to secure performance of Borrower's agreement herein to indemnify and save harmless the Government against the under its insurance endorsement by reason of any default by Borrower; and (c) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of the Borrower contained herein or in supplementary agreement, the provisions of which are hereby incorporated herein and made a part hereof.

BORROWER for himself, Borrower's heirs, assigns, administrators, successors and assigns WARRANTS the property and the title thereto unto Trustee for the benefit of the Government against all lawful claims and demands whatsoever except any liens, encumbrances, assignments, reservations, or conveyances specified hereinafter, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government to be secured and to indemnify and save harmless the Government against any loss under its insurance of payment of the note by reason of any default by Borrower. At all times when the note is held by an insured holder, Borrower shall continue to make payments on the note to the Government, as well as agent for the holder.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by the regulations of the Farmer Home Administration.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) Whether or not the note is insured by the Government, the Government may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as an advance for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured by every such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Such advances, with interest, shall be repaid from the first available collections received from Borrower. Otherwise, any payment made by Borrower may be applied on the note or by assignment to the Government secured hereby, in any order the Government determines.

(6) To use the lien evidenced by the note solely for purpose authorized by the Government.

(7) To pay when due all taxes, dues, judgments, encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights, and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipt's evidence of such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandlike manner, comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe, and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or, without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of this note and any supplementary agreement (whether before or after date of recording of this note), but not limited to costs of title to and survey of the property, costs of recording this and other instruments, attorneys' fees, trustees' fees, costs, and expenses of advertising, selling, and conveying the property.

(12) Neither the property, nor any portion thereof or interest therein shall be leased, assigned, sold, transferred, or encumbered, voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as beneficiary hereunder, including but not limited to the power to grant equities, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or to the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may extend and alter the maturity of a loan secured by this instrument if the Government and any party so in the interest of the property from and subordinate the lien hereof and waive any other rights hereunder, without affecting the lien or priority hereof or the liability to the Government, or Borrower or any other party, for payment of the note or indebtedness secured hereby, except as specified by the Government in writing.

(15) If at any time it shall appear to the Government that Borrower may have obtained a loan from a production credit association, a Federal land bank, or other rural or cooperative or private credit source, or reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay to any such lender any fee or charge in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other debt, estate, or under any personal property or otherwise security instrument held or insured by the Government or executed or assumed by Government and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation of this instrument, or if required by this instrument, or should any one of the parties named as Borrower die or be declared incompetent or insane, or be adjudged an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, may, without notice, may: (a) declare the entire amount unpaid and due and any indebtedness to the Government payable as now immediately due and payable; (b) let the account of Borrower in or out and pay reasonable expenses of a receiver appointed and take possession of, operate or rent the property; (c) upon application by or on behalf of the Government, without other evidence and without notice of hearing or after application, have a receiver appointed for the property, with the usual powers of receivers in like cases; and (d) authorize and request Trustee to foreclose this instrument and sell the property as provided by law.

(18) WAIVER: THE BORROWER ACKNOWLEDGES AND AGREES THAT IF HE DEFAULTS A NONJUDICIAL FORECLOSURE OF THE PROPERTY MAY BE CONDUCTED WITHOUT A HEARING OF ANY KIND. THE BORROWER HEREBY WAIVES ANY RIGHTS BORROWER MAY HAVE TO ANY SUCH HEARING. NEVERTHELESS THE REGULATIONS OF THE FARMERS HOME ADMINISTRATION IN EFFECT AT THE TIME SUCH FORECLOSURE IS STARTED MAY PROVIDE FOR A MEETING AND THE GOVERNMENT WILL FOLLOW THESE REGULATIONS.

(19) At the request of the Government, Trustee may foreclose this instrument by advertisement and sale of the property as provided by law, for cash or secured credit at the option of the Government, and at such sale the Government and its agents may bid and purchase as a stranger. Trustee at Trustee's option may conduct such sale without being personally present, through Trustee's delegate authorized by Trustee for such purpose orally or in writing and Trustee's execution of a conveyance of the property or any part thereof to any purchaser at foreclosure sale shall be conclusive evidence that the sale was conducted by Trustee personally or through Trustee's delegate duly authorized in accordance herewith.

(20) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof; (b) any prior liens required by law or contract to be so paid; (c) the debt evidenced by the note and all indebtedness to the Government secured hereby; (d) all other liens of record required by law in a concrete court to be so paid; (e) at the Government's option, any other indebtedness of Borrower owing to or insured by the Government; and (f) any balance to Borrower. In case the Government is the successful bidder at foreclosure or other sale of all or any part of the property, the Government may pay its share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by the Government, in the order prescribed above.

(21) All powers and remedies granted in this instrument are coupled with an interest and are irrevocable by death or otherwise; and the rights and remedies provided in this instrument are cumulative to remedies provided by law.

(22) Borrower agrees that the Government will not be bound by any present or future State laws, (a) providing for valuation, appraisal, assessment, or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (c) preventing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State law. Borrower hereby relinquishes, waves, and conveys all rights, mortgage or consummation, of descent, dower, and curtesy.

(23) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will after receipt of a bona fide offer refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex or national origin.

(24) This instrument shall be subject to the present regulations of the Farmers Home Administration, and to its future regulations not inconsistent with the express provision hereof.

(25) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, addressed, unless and until some other address is designated in a notice so given, in the case of the Government to Farmers Home Administration, United States Department of Agriculture, Wenatchee, Washington 98801, and in the case of Borrower to Borrower at the address shown in the Farmers Home Administration Finance Office records (which usually will be the same as the post office address shown above).

(26) To, on full and final payment of all indebtedness hereby secured and the performance and discharge of each and every condition, agreement and obligation, contingent or otherwise, contained herein or secured hereby, the Government shall request trustee to execute and deliver to Borrower at Borrower's home post office address a deed of reconveyance of the property within 60 days after written demand by Borrower, and Borrower hereby waives the benefits of all laws requiring earlier execution or delivery of such deed of reconveyance.

(27) If any provision of this instrument or application for the use of any portion of such finances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

"(28) This instrument also secures the recapture of any interest credit or subsidy which may be granted to the borrower(s) by the Government pursuant to 42 U.S.C.

1490 a-2

WITNESS the hand of Borrower this 7 day of FEBRUARY 1979

David L. Krebs

Gloria A. Krebs

STATE OF WASHINGTON

COUNTY OF SPOKANE

ACKNOWLEDGMENT

On this day personally appeared before me the within named David L. Krebs and Gloria A. Krebs, to me known to be the individuals described

in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed for the uses and purposes therein mentioned.

Given under my hand and official seal this 7 day of FEBRUARY 1979

NOTARIAL SEAL

Wallace W. Nickey

Notary Public, and for the State of Washington
Residing at Stevenson