repayment of money advanced by Bank under Section 4 or otherwise to protect the Property or the Bank's interest in the Property. All of this money is called the "Debt."

2. **REPRESENTATIONS OF MORTGAGOR.** Mortgagor represents:

(a) S/He is the owner or contract purchaser of the Property, which is unencumbered except for easements, reservations, and restrictions of record not inconsistent with the intended use of the Property, and an existing mortgage or deed of trust given in good faith and for value, the existence of which has been disclosed to the Bank; and

(b) The Property is not used principally for agricultural or farming purposes.

3. **PROMISES OF MORTGAGOR.** Mortgagor promises:

(a) To keep the Property in good repair, not to move, alter or demolish any of the improvements on the Property without Bank's written consent, and not to sell or transfer the Property or any interest in the Property without either paying off the Loan or getting the Bank's written consent. In deciding whether or not to consent to any sale or transfer, Bank may apply the same standards with respect to the qualifications of the prospective buyers as it would then apply to persons asking for a new loan. As a condition to its consent Bank may require the parties to provide to it such things as it might then require in connection with a new loan, such as credit reports and financial statements from the prospective buyers, evidence of the location of the Property, and payment of all reasonable costs and fees in connection with the transfer;

(b) To allow a representative of the Bank to inspect the Property at any reasonable time and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property;

(c) To pay on time all lawful taxes and assessments on the Property and on this Mortgage or on the Debt, to keep all of the Property free of all encumbrances except Bank's mortgage and any prior mortgage or deed of trust covering the Property or any part of it;

(d) To perform on time all terms, covenants and conditions of any prior mortgage, deed of trust or other agreement affecting the Property or any part of it;

(e) To assure that this Mortgage remains a valid lien on the Property subject to [illegible] and to defend the title to the Property against any claims that would impair the lien of this Mortgage. Mortgagor will pay when due all claims for labor performed and materials furnished to the Property. Mortgagor authorizes Bank to intervene in any suit or action affecting the Property or the title to the Property and to appear in any suit brought to foreclose any prior lien or encumbrance and to pay whatever amounts or perform whatever acts may be necessary to protect the lien of this Mortgage. Mortgagor will immediately reimburse Bank for any payments made or expenses incurred by Bank pursuant to the foregoing authorization, at the time and to the extent provided in Section 4 of this Mortgage;

(f) To keep the improvements now existing or hereafter erected on the Property insured by such insurance carriers and against such hazards as Bank may require, and to deliver to Bank such policies of insurance and renewals as Bank may request. Mortgagor assigns to Bank the proceeds of any insurance policies and authorizes the insurance companies to make payment for losses to Bank instead of to Mortgagor and Bank jointly. Bank may apply insurance proceeds, after payment of all of Bank's costs, expenses and attorneys' fees, to any indebtedness secured by this Mortgage in such order as Bank may determine. Bank may, at its option, apply the proceeds to the restoration or repair of the Property damaged. If Bank does not apply insurance proceeds to the Debt, Mortgagor will not be relieved of the obligation to make payments on the Debt as they become due;

4. **CURING OF DEFAULTS.** If Mortgagor fails to make any payment when due under the Debt or this Mortgage or any other agreement with Bank, or if any action or proceeding is commenced which affects the Property or Bank's interest in it, including, but not limited to, eminent domain, insolvency, code enforcement or arrangements or proceedings involving a bankrupt or decedent, then Bank at its option may do any of the things listed in Section 3 above or anything else to cure the default and may do whatever else is appropriate to protect Bank's interest in the Property or its rights under this Mortgage, including, but not limited to, appearing in court and paying attorneys' fees and expenses. Mortgagor will immediately reimburse Bank for all payments made and costs and expenses incurred by Bank in connection with the exercise of the foregoing rights, together with interest thereon at the rate stated in the Note from the date of payment by Bank until repaid. Any amounts disbursed by Bank pursuant to this Section 4, with interest thereon, shall become additional indebtedness of Mortgagor secured by this Mortgage. Such amounts shall be payable upon notice from Bank to Mortgagor requesting payment thereof, and Bank may bring an action to foreclose this Mortgage in which case Bank shall be entitled to a decree foreclosing this Mortgage for the amounts so disbursed by Bank pursuant to this Section 4, with interest as provided in this Mortgage and the Note. Nothing contained in this Section 4 shall require Bank to incur any expense or take any action hereunder;

5. **DEFAULT; FORECLOSURE.** Upon default by Mortgagor in the payment of any indebtedness secured hereby or in the performance of any agreement contained in this Mortgage, all Debt secured by this Mortgage shall, at the option of Bank, become immediately due and payable. Bank shall be entitled to all the remedies provided by the Washington Mortgage Foreclosure Act, Chapter 61.12 RCW, including the right to a deficiency judgment to the extent permitted by that Act. Bank shall be entitled to collect all costs and expenses incurred in pursuing such remedies, including attorneys' fees and costs of documentary evidence, abstracts and title reports. Mortgagor will pay all costs and expenses incurred by Bank in connection with the foreclosure of this Mortgage, including, but not limited to, attorneys' fees and costs of documentary evidence, abstracts and title reports;

6. **ATTORNEYS' FEES; EXPENSES.** If Bank institutes any suit or action to enforce any of the terms of this Mortgage, Bank shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, all reasonable expenses incurred by Bank that in Bank's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Debt, payable on demand and bearing interest from the date of expenditure until paid at the rate provided for in the Note. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Bank's attorneys' fees and Bank's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Mortgagor also will pay any court costs, in addition to all other sums provided by law;

7. **MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Mortgage: [illegible] This Mortgage shall be governed by the laws of the State of Washington. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision, and to this end the provisions of this Mortgage and the Note are declared to be severable. As used in this Mortgage, the singular shall include the plural and the plural the singular, and the word "Mortgagor" shall mean all persons who sign this Mortgage. If more than one person signs this Mortgage as Mortgagor, the obligations of all such persons shall be joint and several. Subject to the limitations stated in this Mortgage on transfer of Mortgagor's interest in the Property, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Mortgagor, Bank may, without notice to Mortgagor, deal with such successor or successors in interest with reference to this Mortgage and the Debt in the same manner as with Mortgagor, without releasing Mortgagor from any obligation of this Mortgage or the Note. Mortgagor will give notice to Bank of any change in Mortgagor's name or address, any change in the use of the Property and any change in the occupancy of the Property. Mortgagor will execute any documents necessary to continue the priority of this Mortgage against any future advances made under the Note and this Mortgage. Mortgagor will pay all costs and fees incurred by Bank in connection with the preparation, execution and recording of any such documents, including, without limitation, all taxes, fees, recording costs and title insurance costs. Time is of the essence of this Mortgage and the Note. Bank may delay or forego enforcing any of its rights or remedies under this Mortgage without losing them. Bank may delay or forego enforcing any of its rights or remedies under this Mortgage without losing them. Except as otherwise required by law, by choosing any one or more of these alternatives Bank does not give up its right later to use any other alternative. By electing not to use any remedy Bank does not waive its right later to consider the event a default and to use any remedies it has under this Mortgage after the event occurs or thereafter. Mortgagor waives any defenses arising by reason of any disability or lack of authority of Bank to proceed against any person, or to exercise any right or remedy following Mortgagor's breach of this Mortgage or the Note. Mortgagor waives all rights of homestead exemption in the Property. If Mortgagor signs this Mortgage but does not sign the Note, Mortgagor does so only to mortgage Mortgagor's interest in the Property to secure payment of the Note and Mortgagor does not agree to be personally liable on the Note. If this Mortgage is signed by more than one person, each person signing agrees that Bank may deal with any one of them regarding any matter relating to this Mortgage, the Property or the Debt without any other person signing being informed, giving notice to or obtaining the consent of any other person signing. Each person signing this Mortgage understands and agrees that Bank may extend, modify or make any other changes in the terms of the Note or this Mortgage, or release any of the Property, without notice to or consent by any person signing except the person agreeing to the change, release or other action. Each person signing this Mortgage waives any right to require Bank to institute suit or exhaust its rights and remedies against any person who is liable under the Note or this Mortgage or against any of the Property before Bank may demand payment from any other person who signs this Mortgage. Each person signing this Mortgage agrees that Bank may exercise its rights against the Property and against each person who signs this Mortgage separately, together or in any combination. Each person who signs this Mortgage waives all rights to have the Property marshalled. Each person who signs this Mortgage waives all suretyship defenses available to him or her under Washington law. Each person who signs this Mortgage waives all defenses based on suretyship or impairment of collateral. Each person who signs this Mortgage waives all rights or defenses arising because of Bank's election of remedies, even though that election of remedies, such as nonjudicial foreclosure with respect to security for a debt, has destroyed such person's rights of subrogation and reimbursement against the principal by the operation of law or otherwise. Each person who signs this Mortgage waives all rights or defenses arising because of the application of the fair market value of the Property at the time of any trustee's sale or foreclosure sale or because of the application of any offset or other credit of any amount. This means, among other things: (1) Bank may collect from any person who signs this Mortgage without first foreclosing on any real or personal property collateral pledged by any other person who signs this Mortgage. (2) If Bank forecloses on any real property collateral pledged by any person who signs this Mortgage, the amount of the Debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price. (3) Bank may collect from any person who signs this Mortgage even if Bank, by foreclosing on any real property collateral pledged by any other person who signs this Mortgage, has destroyed any right such person may have to collect from the other person who signs this Mortgage. This is an unconditional and irrevocable waiver of any rights and defenses each person who signs this Mortgage may have because the Debt is secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon RCW 61.24.100 and 61.12.060. Each person who signs this Mortgage waives all rights and defenses that such person may have because the Debt is secured by real property