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BOOK 168 PAGE 207

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AUDITOR
GARY M. OLSON

CLARK COUNTY SCHOOL EMPLOYEES CREDIT UNION
2811 E EVERGREEN BLVD- VANCOUVER, WA 98661

WHEN RECORDED RETURN TO: This Space Provided for Recorder's Use
MELANIE STEPHENS

Sct 21050

DEED OF TRUST
(LINE OF CREDIT TRUST DEED)

Grantor(s): PAUL G. SPENCER and MIRTA A. SPENCER

Grantee(s): CLARK COUNTY SCHOOL EMPLOYEES CREDIT UNION

Legal Description: LOTS 42, 43 and 44 OF HILLTOP MANOR, ACCORDING TO THE AMENDED PLAT THEREOF, ON FILE AND OF RECORD IN THE OFFICE OF THE AUDITOR OF SKAMANIA COUNTY, WASHINGTON, AT PAGE 110, OF BOOK "A" OF PLATS, IN THE COUNTY OF SKAMANIA, STATE OF WASHINGTON.

Assessor's Property Tax Parcel or Account No.: 03 75 36 3 2 1901 00

Reference Numbers of Documents Assigned or Released:

DATED: August 8, 1997

BETWEEN: PAUL G SPENCER and MIRTA A. SPENCER, husband and wife ("Trustor," hereinafter "Grantor,")

whose address is 250 NE VISTA DRIVE- STEVENSON, WA 98648

AND: CLARK COUNTY SCHOOL EMPLOYEES CREDIT UNION, Beneficiary ("Credit Union,")

whose address is 2811 E EVERGREEN BLVD- VANCOUVER, WA 98661

AND: SKAMANIA COUNTY TITLE COMPANY ("Trustee.")

Grantor conveys to Trustee for benefit of Credit Union as beneficiary all of Grantor's right, title, and interest in and to the real property described above (the Real "Property"), together with all existing or subsequently erected or affixed improvements or fixtures, and all accessions, replacements, substitutions, and proceeds thereof.

(Check one of the following.)

☐ This Deed of Trust is part of the collateral for the Agreement. In addition, other collateral also may secure the Agreement.

☒ This Deed of Trust is the sole collateral for the Agreement.

(Check if Applies)

☐ There is a mobile home on the Real Property, which is covered by this security instrument, and which is and shall remain:
(Please check ✓ which is applicable)
_____ Personal Property
_____ Real Property

This Deed of Trust secures (check if applicable):

☒ **Line of Credit.** A revolving line of credit which obligates the Credit Union to make advances to Grantor in the maximum principal amount at any one time of $ 10,000.00 until the Agreement is terminated or suspended or if advances are made up to the maximum credit limit, and Grantor complies with the terms of the Agreement dated August 8, 1997 (In Oregon, for purposes of ORS 88.110 and in Idaho, the maximum term or maturity date of the Agreement including any renewals or extensions is 30 years from the date of the Agreement.) Funds may be advanced by Credit Union, repaid by Grantor, and subsequently readvanced by Credit Union in accordance with the Agreement. Notwithstanding the amount outstanding at any particular time, this Deed of Trust secures the total indebtedness under the Agreement. The unpaid balance of the line of credit under the Agreement will remain in full force and effect notwithstanding a zero outstanding balance on the line from time to time. Any principal advance under the line of credit that exceeds the amount shown above as the principal amount of the Agreement will not be secured by this Deed of Trust.

☐ **Equity Loan.** An equity loan in the maximum principal amount of $ _____ under the terms of the Agreement. (In Oregon, for purposes of ORS 88.110 and in Idaho, the maximum term or maturity date of the Agreement, including renewals or extensions, is 30 years from the date of the Agreement). To the extent of repayment, Grantor may request subsequent loan advances subject to Credit Union's credit and security verification. This Deed of Trust secures the total indebtedness under the Agreement.

The term "Indebtedness" as used in this Deed of Trust, shall mean the debt to Credit Union described above, including interest thereon as described in the credit agreement, plus (a) any amounts expended or advanced by Credit Union to discharge Grantor's obligations hereunder, and (b) any expenses incurred by Credit Union or Trustee to enforce Grantor's obligations hereunder, with interest thereon at the rate of Agreement.

The credit agreement describing the repayment terms of the Indebtedness, and any notes, agreements, or documents given to renew, extend or substitute for the credit agreement originally issued is referred to as "the Agreement." The rate of interest on the Agreement is subject to indexing, adjustment, renewal, or renegotiation.

The term "Borrower" is used in the Deed of Trust for the convenience of the parties, and use of that term shall not affect the liability of any such Borrower on the Agreement or create any legal or equitable interest in the Property in Borrower by reason of this Deed of Trust. Any Borrower who cosigns this Deed of Trust, but does not execute the Agreement: (a) is cosigning this Deed of Trust only to grant and convey that Borrower's interest in the Property to Trustee under the terms of this Deed of Trust, (b) is not personally liable under the Agreement except as otherwise provided by law or contract, and (c) agrees that Credit Union and any other borrower hereunder may agree to extend, modify, forebear, release any collateral, or make any other accommodations or amendments with regard to the terms of this Deed of Trust or the Agreement, without notice to that Borrower, without that Borrower's consent and without releasing that Borrower or modifying this Deed of Trust as to that Borrower's interest in the Property.

This Deed of Trust including the security interest is given to secure payment of the Indebtedness and performance of all Grantor's obligations under this Deed of Trust and the Agreement and is given and accepted under the following terms:

1. Rights and Obligations of Borrower. Borrower Grantor has various rights and obligations under this Deed of Trust. These rights and responsibilities are set forth in the following paragraphs: 1.1. Payments and Performance; 2. Possession and Maintenance of Property; 3. Taxes and Liens; 4. Property Damage Insurance; 5. Expenditure by Credit Union; 7. Condemnation; 8.2. Remedies; 10.1. Consent by Credit Union; 10.2. Effect of Consent; 11. Security Agreement; Financing Statements; 14. Actions Upon Termination; 14.5. Attorneys' Fees and Expenses; 16.2. Unit Ownership Power of Attorney; 16.3. Annual Reports; 16.5. Joint and Several Liability; 16.8. Waiver of Homestead Exemption; and 17.3. No Modifications.

1.1 Payment and Performance. Grantor shall pay to Credit Union all amounts secured by this Deed of Trust as they become due, and shall strictly perform all of Grantor's obligations.

2. Possession and Maintenance of the Property.

2.1 Possession. Until in default, Grantor may remain in possession and control of and operate and manage the Property and collect the Income from the Property.

2.2 Duty to Maintain. Grantor shall maintain the Property in first class condition and promptly perform all repairs and maintenance necessary to preserve its value.

2.3 Nuisance, Waste. Grantor shall neither conduct or permit any nuisance nor commit or suffer any strip or waste on or to the Property or any portion thereof including without limitation removal or alienation by Grantor of the right to remove any timber, minerals (including oil and gas), or gravel or rock products.

2.4 Removal of Improvements. Grantor shall not demolish or remove any improvements from the Real Property without the prior written consent of Credit Union. Credit Union shall consent if Grantor makes arrangements satisfactory to Credit Union to replace any improvement which Grantor proposes to remove with one of at least equal value. "Improvements" shall include all existing and future buildings, structures, and parking facilities.

2.5 Credit Union's Right to Enter. Credit Union, its agents and representatives, may enter upon the Property at all reasonable times to attend to Credit Union's interest and to inspect the Property.

2.6 Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations of all governmental authorities applicable to the use or occupancy of the Property. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Credit Union in writing prior to doing so and Credit Union's interest in the Property is not jeopardized.

2.7 Duty of Protect. Grantor may do all other acts, allowed by law, that from the character and use of the Property are reasonably necessary to protect and preserve the security.

2.8 Construction Loan. If some or all of the proceeds of the loan creating the Indebtedness are to be used to construct or complete construction of any Improvement on the Property, the Improvement shall be completed within six months from the date of this Deed of Trust and Grantor shall pay in full all costs and expenses in connection with the work.

2.9 Hazardous Substances. Grantor represents and warrants that the Property has not been and will not be, during the period this deed remains a lien on the Property, used for the creation, manufacture, treatment, storage, or disposal of any hazardous substance, as defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, and other applicable federal and state laws or regulations and amendments. Grantor authorizes Credit Union and its agents to enter upon the Property to make such inspections and tests as Credit Union may deem appropriate to determine compliance of the Property with this paragraph. Credit Union's inspections and tests shall be for Credit Union's purposes only and shall not be for the benefit or create any duty or liability to Grantor or any third party. Grantor agrees to indemnify and hold Credit Union harmless against any and all claims and losses including attorney fees resulting from a breach of this paragraph, which shall survive the payment of the Indebtedness and satisfaction of this Deed of Trust.

3. Taxes and Liens.

3.1 Payment. Grantor shall pay when due before they become delinquent all taxes and assessments levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of Credit Union under this Deed of Trust, except for the lien of taxes and assessments not due, except for the prior indebtedness referred to in Section 17, and except as otherwise provided in Subsection 3.2.

3.2 Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Credit Union's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within 15 days after the lien arises or, if a lien is filed, within 15 days after Grantor has notice of the filing, secure the discharge of the lien or deposit with Credit Union, cash or a sufficient corporate surety bond or other security satisfactory to Credit Union in an amount sufficient to discharge the lien plus any costs, attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien.

3.3 Evidence of Payment. Grantor shall upon demand furnish to Credit Union evidence of payment of the taxes or assessments and shall authorize the appropriate county official to deliver to Credit Union at any time a written statement of the taxes and assessments against the Property.

3.4 Notice of Construction. Grantor shall notify Credit Union at least 15 days before any work is commenced, any services are furnished, or any materials are supplied to the Property if a construction lien could be asserted on account of the work, services, or materials, and the cost exceeds $5,000 (if the Property is used for nonresidential or commercial purposes) or $1,000 (if the Property is used as a residence). Grantor will on request furnish to Credit Union advance assurances satisfactory to Credit Union that Grantor can and will pay the cost of such improvements.

3.5 Tax Reserves. Subject to any limitations set by applicable law, Credit Union may require Borrower to maintain with Credit Union reserves for payment of taxes and assessments, which reserves shall be created by advance payment of monthly payments of a sum estimated by Credit Union to be sufficient to produce, at least 15 days before due, amounts at least equal to the taxes and assessments to be paid. If 15 days before payment is due the reserve funds are insufficient, Borrower shall upon demand pay any deficiency to Credit Union. The reserve funds shall be held by Credit Union as a general deposit from Borrower and shall, unless otherwise required by law, constitute a non-interest bearing debt from Credit Union to Borrower, which Credit Union may satisfy by payment of the taxes and assessments required to be paid by Borrower as they become due. Credit Union does not hold the reserve funds in trust for Borrower, and Credit Union is not the agent of Borrower for payment of the taxes and assessments required to be paid by Borrower.

4. Property Damage Insurance.

4.1 Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard all-risk extended coverage endorsements on a replacement basis for the full insurable value basis covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a mortgagee's loss payable clause in favor of Credit Union. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Credit Union. Grantor shall deliver to Credit Union certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of 10 days' written notice to Credit Union.

4.2 Application of Proceeds. Grantor shall promptly notify Credit Union of any loss or damage to the Property. Credit Union may make proof of loss if Grantor fails to do so within 15 days of the casualty. Credit Union may, at its election, apply the proceeds to the reduction of the Indebtedness or the restoration and repair of the Property. If Credit Union elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Credit Union. Credit Union shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default hereunder. Any proceeds which have not been paid out within 180 days after their receipt and which Credit Union has not committed to the repair or restoration of the Property shall be used to prepay first accrued interest and then principal of the Indebtedness. If Credit Union holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor.

4.3 Unexpired Insurance at Sale. Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this Deed of Trust at any trustee's or other sale held under the provision contained within, or at any foreclosure sale of such Property.

4.4 Compliance with Prior Indebtedness. During the period in which any prior Indebtedness described in Section 17 is in effect, compliance with the insurance provisions contained in the instrument evidencing such prior Indebtedness shall constitute compliance with the insurance provisions under this Deed of Trust to the extent compliance with the terms of this Deed of Trust would constitute a duplication of insurance requirements. If any proceeds from the insurance become payable on loss, the provisions in this Deed of Trust for division of proceeds shall apply only to that portion of the proceeds not payable to the holder of the prior Indebtedness.

4.5 Association of Unit Owners. In the event the Real Property has been submitted to unit ownership pursuant to a Unit Ownership Law, or similar law for the establishment of condominiums or cooperative ownership of Real Property, the insurance may be carried by the association of unit owners in Grantor's behalf, and the proceeds of such insurance may be paid to the association of unit owners for the purpose of repairing or reconstructing the Property. If not so used by the association, such proceeds shall be paid to Credit Union.

4.6 Insurance Reserves. Subject to any limitations set by applicable law, Credit Union may require Borrower to maintain with Credit Union reserves for payment of insurance premiums, which reserves shall be created by advance payment of monthly payments of a sum estimated by Credit Union to be sufficient to produce, at least 15 days before due, amounts at least equal to the insurance premiums to be paid. If 15 days before payment is due the reserve funds are insufficient, Borrower shall upon demand pay any deficiency to Credit Union. The reserve funds shall be held by Credit Union as a general deposit from Borrower and shall, unless otherwise required by law, constitute a non-interest bearing debt from Credit Union to Borrower, which Credit Union may satisfy by payment of the insurance premiums required to be paid by Borrower as they become due. Credit Union does not hold the reserve funds in trust for Borrower, and Credit Union is not the agent of Borrower for payment of the insurance premiums required to be paid by Borrower.

4.5 Association of Unit Owners. In the event the Real Property has been submitted to unit ownership pursuant to a Unit Ownership Law or similar law for the establishment of condominiums or cooperative ownership of Real Property, this insurance may be carried by the association of unit owners in Grantor's behalf, and the proceeds of such insurance may be paid to the association of unit owners for the purpose of repairing or reconstructing the Property. If not so used by the association, such proceeds shall be paid to Credit Union.

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5. Expenditure by Credit Union.

If Grantor fails to comply with any provision of this Deed of Trust, including the obligation to maintain the prior indebtedness in good standing as required by Section 17, Credit Union may at its option on Grantor's behalf pay amounts to cure any default in the prior indebtedness and any amount that it expends in so doing shall be added to the Indebtedness. Amounts so added shall be payable in accordance with the terms of the Indebtedness. The rights provided for in this section shall be in addition to any other rights or any remedies to which Credit Union may be entitled on account of the default. Credit Union shall not by taking the required action cure the default so as to bar it from any remedy that it otherwise would have had.

6. Warranty; Defense of Title.

6.1 Title. Grantor warrants that it holds marketable title to the Property in fee simple free of all encumbrances other than those set forth in Section 17 or in any policy of title insurance issued in favor of Credit Union in connection with the Deed of Trust.

6.2 Defense of Title. Subject to the exceptions in the paragraph above, Grantor warrants and will forever defend the title against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Credit Union or Trustee under this Deed of Trust, Grantor shall defend the action at Grantor's expense.

7. Condemnation.

7.1 Application of Net Proceeds. If all or any part of the Property is condemned, Credit Union may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees necessarily paid or incurred by Grantor, Credit Union, or Trustee in connection with the condemnation.

7.2 Proceedings. If any proceedings in condemnation are filed, Grantor shall promptly notify Credit Union in writing and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award.

8. Imposition of Tax By State.

8.1 State Taxes Covered. The following shall constitute state taxes to which this section applies:

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

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

(c) A tax on a trust deed or security agreement chargeable against the Credit Union or the holder of the Agreement secured.

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

9. Power and Obligations of Trustee.

9.1 Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the request of Credit Union and Grantor:

(a) Join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights in the public.

(b) Join in granting any easement or creating any restriction on the Real Property.

(c) Join in any subordination or other agreement affecting this Deed of Trust or the interest of Credit Union under this Deed of Trust.

9.2 Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Credit Union, or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

10. Transfer by Grantor.

10.1 Consent by Credit Union. Grantor shall not transfer or agree to transfer all or part of Grantor's interest in the Property without the prior written consent of Credit Union. Any attempt to transfer shall entitle the Credit Union to terminate and accelerate the indebtedness under this Deed of Trust.

A "sale or transfer" means the conveyance of real property or any right, title, or interest therein, whether legal or equitable, whether voluntary or involuntary, by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three years, lease-option contract, or any other method of conveyance of real property interest. If any Borrower is a corporation, transfer also includes any change in ownership of more than 25% of the voting stock of Borrower.

If Grantor or prospective transferee applies to Credit Union for consent to a transfer, Credit Union may require such information concerning the prospective transferee as would normally be required from the new loan applicant.

10.2 Effect of Consent. If Credit Union consents to one transfer, that consent shall not constitute a consent to other transfers or a waiver of this section. No transfer by Grantor shall relieve Grantor of liability for payment of the Indebtedness. Following a transfer, Credit Union may agree to any extension of time for payment or modification of the terms of this Deed of Trust or the Agreement or waive any right or remedy under this Deed of Trust or the Agreement without relieving Grantor from liability. Grantor waives notice, presentment, and protest with respect to the Indebtedness.

11. Security Agreement; Financing Statements.

11.1 Security Agreement. This instrument shall constitute a security agreement to the extent any of the Property constitutes fixtures, and Credit Union shall have all of the rights of a secured party under the Uniform Commercial Code of the state in which the Real Property is located.

11.2 Security Interest. Upon request by Credit Union, Grantor shall execute financing statements and take whatever other action is requested by Credit Union to perfect and continue Credit Union's security interest in the Income and Personal Property. Grantor hereby appoints Credit Union as Grantor's attorney in fact for the purpose of executing any documents necessary to perfect or continue this security interest. Credit Union may, at any time and without further authorization from Grantor, file copies or reproductions of this Deed of Trust as a financing statement. Grantor will reimburse Credit Union for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the Personal Property and make it available to Credit Union within three days after receipt of written demand from Credit Union.

11.3 Mobile Homes. If the Property includes mobile homes, motor homes, modular homes, or similar structures, such structures shall be and shall remain Personal Property or Real Property as stated above regardless of whether such structures are affixed to the Real Property, and irrespective of the classification of such structures for the purpose of tax assessments. The removal or addition of axles or wheels, or the placement upon or removal from a concrete base, shall not alter the characterization of such structures.

12. Reconveyance on Full Performance.

If Grantor pays all of the Indebtedness when due and otherwise performs all the obligations imposed upon Grantor under this Deed of Trust and the Agreement, Credit Union shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Credit Union's security interest in the Income and the Personal Property. Any reconveyance fee or termination fee required by law shall be paid by Grantor.

13. Possible Actions of Credit Union.

The Credit Union may take the following actions with respect to your Agreement under the circumstances listed below:

a. **Termination and Acceleration.** The Credit Union may terminate your Agreement and require Grantor to pay the entire outstanding balance immediately, and charge Grantor certain fees if any of the following happen:

(1) Grantor engages in any fraud or material misrepresentation in connection with the Agreement. For example, if there are false statements or omissions on Grantor's application or financial statements.

(2) Grantor does not meet the repayment terms of the Agreement.

(3) Grantor's actions or inactions adversely affect the collateral or Credit Union's rights in the collateral. For example, if Grantor fails to: maintain insurance, pay taxes; transfer title to or sell the collateral, prevent the foreclosure of any liens, or waste of the collateral.

b. **Suspension of Credit/Reduction of Credit Limit.** Credit Union may refuse to make additional advances on the line of credit or reduce the credit limit during any period in which the following exist or occur:

(1) Any of the circumstances listed in a., above.

(2) The value of Grantor's dwelling securing the Indebtedness declines significantly below its appraised value for purposes of the Agreement.

(3) Credit Union reasonably believes that Grantor will not be able to meet the repayment requirements of the Agreement due to a material change in Grantor's financial circumstances.

(4) Grantor(s) are in default under any material obligation of the Agreement and Deed of Trust.

(5) The maximum annual percentage rate under the Agreement is reached.

(6) Any government action prevents Credit Union from imposing the annual percentage rate provided for or impairs Credit Union's security interest such that the value of the interest is less than 120 percent of the credit line.

(7) Credit Union has been notified by government agency that continued advances would constitute an unsafe and unsound practice.

c. **Change in Terms.** The Agreement permits Credit Union to make certain changes to the terms of the Agreement at specified times or upon the occurrence of specified events.

14. Actions Upon Termination.

14.1 Remedies. Upon the occurrence of any termination and at any time thereafter, Trustee or Credit Union may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

(a) With respect to all or any part of the Real Property, the Trustee shall have the right to foreclose by notice and sale, and Credit Union shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

(b) With respect to all or any part of the Personal Property, Credit Union shall have all the rights and remedies of a secured party under the Uniform Commercial Code in effect in the state in which the Credit Union is located.

(c) Credit Union shall have the right, without notice to Grantor, to take possession of the Property and collect the Income, including amounts past due and unpaid, and apply the net proceeds, over and above Credit Union's costs, against the Indebtedness. In furtherance of this right, Credit Union may require any tenant or other user to make payments of rent or use fees directly to Credit Union. If the Income is collected by Credit Union, then Grantor irrevocably designates Credit Union as Grantor's attorney in fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Credit Union in response to Credit Union's demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed. Credit Union may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

(d) Credit Union 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, and to collect the income from the Property and apply the proceeds, over and above cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Credit Union's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Credit Union shall not disqualify a person from serving as a receiver.

(e) If Grantor remains in possession of the Property after the Property is sold as provided above or Credit Union otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at will of Credit Union or the purchaser of the Property and shall pay while in possession a reasonable rental for use of the Property.

(f) If the Real Property is submitted to unit ownership, Credit Union or its designee may vote on any matter that may come before the members of the association of unit owners, pursuant to the power of attorney granted Credit Union in Section 16.2.

(g) Trustee and Credit Union shall have any other right or remedy provided in this Deed of Trust, or the Note.

14.2 Sale of the Property. In exercising its rights and remedies, the Trustee or Credit Union, shall be free to sell all or any part of the Property together or separately, or to sell certain portions of the Property and refrain from selling other portions. Credit Union shall be entitled to bid at any public sale on all or any portion of the Property.

14.3 Notice of Sale. Credit Union shall give Grantor reasonable notice of the time and place of any public sale of the 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 at least ten days before the time of the sale or disposition.

14.4 Waiver; Election of Remedies. A waiver by any party of a breach of a provision of this Deed of Trust 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 Credit Union to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Grantor under this Deed of Trust after failure of Grantor to perform shall not affect Credit Union's right to take actions on the indebtedness and exercise its remedies under this Deed of Trust.

14.5 Attorneys' Fees; Expenses. If Credit Union institutes any suit or action to enforce any of the terms of this Deed of Trust, Credit Union shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal. Whether or not any court action is involved, all reasonable expenses incurred by Credit Union that are necessary at any time in Credit Union's opinion for the protection of its interest or the 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 rate of the Agreement. Expenses covered by this paragraph include (without limitation) all attorney fees incurred by Credit Union whether or not there is a lawsuit, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, appraisal fees, title insurance, and fees for the Trustee. Attorney fees include those for bankruptcy proceedings and anticipated post-judgment collection actions.

15. Notice.

Any notice under this Deed of Trust shall be in writing and shall be effective when actually delivered or, if mailed, shall be deemed effective on the second day after being deposited as first-class registered or certified mail, postage prepaid, directed to the address stated in this Deed of Trust. Unless otherwise required by applicable law, any party may change its address for notices by written notice to the other parties. Credit Union requests that copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust be sent to Credit Union's address, as set forth on page one of this Deed of Trust. If the Property is in California, the notice shall be as provied by Section 2924b of the Civil Code of California. If this property is in Virginia, the following notice applies: NOTICE – THE DEBT SECURED HEREBY IS SUBJECT TO CALL IN FULL OR THE TERMS THEREOF MODIFIED IN THE EVENT OF SALE OR CONVEYANCE OF THE PROPERTY CONVEYED.

16. Miscellaneous.

16.1 Successors and Assigns. Subject to the limitations stated in this Deed of Trust on transfer of Grantor's interest, and subject to the provisions of applicable law with respect to successor trustees, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns.

16.2 Unit Ownership Power of Attorney. If the Real Property is submitted to unit ownership, Grantor grants an irrevocable power of attorney to Credit Union to vote in its discretion on any matter that may come before the members of the association of unit owners. Credit Union shall have the right to exercise this power of attorney only after default by Grantor and may decline to exercise this power, as Credit Union may see fit.

16.3 Annual Reports. If the Property is used for purposes other than grantor's residence, within 60 days following the close of each fiscal year of Grantor, Grantor shall furnish to Credit Union a statement of net operating income received from the Property during Grantor's previous fiscal year in such detail as Credit Union shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

16.4 Applicable Law. The law of the state in which the Property is located shall be applicable for the purpose of construing and determining the validity of this Deed of Trust and, determining the rights and remedies of Credit Union on default.

16.5 Joint and Several Liability. If Grantor consists of more than one person or entity, the obligations imposed upon Grantor under this Deed of Trust shall be joint and several.

16.6 Time of Essence. Time is of the essence of this Deed of Trust.

16.7 Use.

(a) If located in Idaho, the Property either is not more than twenty acres in area or is located within an incorporated city or village.
(b) If located in Washington, the Property is not used principally for agricultural or farming purposes.
(c) If located in Montana, the Property does not exceed thirty acres and this instrument is a Trust Indenture executed in conformity with the Small Tract Financing Act of Montana.
(d) If located in Utah, this instrument is a Trust Deed executed in conformity with the Utah Trust Deed Act. UCA 57-1-19 et seq.

16.8 Waiver of Homestead Exemption. Borrower hereby waives the benefit of the homestead exemption as to all sums secured by this Deed of Trust.

16.9 Merger. There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Credit Union in any capacity, without the written consent of Credit Union.

16.10 Substitute Trustee. Credit Union, at Credit Union's option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Credit Union and recorded in the office of the Recorder of the county where the Property is located. The instrument shall contain the name of the original Credit Union, Trustee, and Borrower, the book and page where this Deed of Trust is recorded, and the name and address of the successor trustee. The successor trustee shall, without conveyance of the Property, succeed to all the title, powers, and duties conferred upon the Trustee herein and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

16.11 Statement of Obligation. If the Property is in California, Credit Union may collect a fee not to exceed the statutory maximum for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

16.12 Severability. If any provision in this Deed of Trust shall be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions shall not in any way be affected or impaired.

17. Prior Indebtedness.

17.1 Prior Lien. The lien securing the Indebtedness secured by this Deed of Trust is and remains secondary and inferior to the lien securing payment of a prior obligation in the form of a:

(Check which Applies)

XXX Trust Deed
_____ Mortgage
_____ Land Sale Contract

Other (Specify) _____

The prior obligation has a current principal balance of $ _____ and is in the original principal amount of $ _____. Grantor expressly covenants and agrees to pay or see to the payment of the prior indebtedness and to prevent any default thereunder.

17.2 Default. If the payment of any installment of principal or any interest on the prior indebtedness is not made within the time required by the Agreement evidencing such indebtedness, or should an event of default occur under the instrument securing such indebtednsss and not be cured during any applicable grace period therein, then your action or inaction shall entitle the Credit Union to terminate and accelerate the indebtedness and pursue any of its remedies under this Deed of Trust.

17.3 No Modifications. Grantor shall not enter into any agreement with the holder of any mortgage, deed of trust, or other security agreement which has priority over this Deed of Trust by which that agreement is modified, amended, extended, or renewed without the prior written consent of Credit Union. Grantor shall neither request nor accept any future advances under a prior mortgage, deed of trust, or other security agreement without the prior written consent of Credit Union.

GRANTOR:

PAUL G SPENCER

Paul G. Spencer

GRANTOR:

MIRIA A. SPENCER

Miria A. Spencer

ACKNOWLEDGEMENT OF HOMESTEAD WAIVER (Only applicable in Montana)

PAUL G SPENCER
Paul G. Spencer

MIRTA A. SPENCER
Mirta A. Spencer

BOOK 168 PAGE 211

ACKNOWLEDGMENT OF NO HOMESTEAD EXEMPTION (Only applicable in Montana)

GRANTOR HEREBY ACKNOWLEDGES THAT THE REAL PROPERTY IN WHICH A LIEN IS BEING GRANTED TO CREDIT UNION IS NOT EXEMPT FROM EXECUTION AS A HOMESTEAD, BECAUSE UNDER MONTANA STATUTES, SECTION 70-32-202, IT IS SUBJECT TO EXECUTION OR FORCED SALE TO SATISFY A JUDGMENT OBTAINED ON DEBTS SECURED BY A MORTGAGE OR OTHER ENCUMBRANCE ON THE PREMISES.

GRANTOR: _____

GRANTOR: _____

INDIVIDUAL ACKNOWLEDGMENT

STATE OF WASHINGTON)

) ss.

County of Clark)

On this day personally appeared before me Mirta Spencer and Paul Spencer

to me known to be (or in California, personally known to me or proved to me on the basis of satisfactory evidence to be) the individual, or individuals described in and who executed the within and foregoing instrument, and acknowledged that they he 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 8th day of August, 19 97

By: Lisa J. Mitchell

Notary Public in and for the State of: Washington

LISA J. MITCHELL
NOTARY PUBLIC
STATE OF WASHINGTON
COMMISSION EXPIRES
JANUARY 3, 2000

Residing at: Clark County

My commission expires: January 3, 2000

REQUEST FOR FULL RECONVEYANCE

(To be used only when obligations have been paid in full)

To: _____, Trustee

The undersigned is the legal owner and holder of all indebtedness secured by this Deed of Trust. All sums secured by the Deed of Trust have been fully paid and satisfied. You are hereby directed, on payment to you of any sums owing to you under the terms of this Deed of Trust or pursuant to statute, to cancel all evidence of indebtedness secured by this Deed of Trust (which are delivered to you herewith together with the Deed of Trust), and to reconvey, without warranty, to the parties designated by the terms of the Deed of Trust, the estate now held by you under the Deed of Trust. Please mail the reconveyance and related documents to:

_____

_____

Date: _____, 19 _____.

Credit Union: _____

By: _____

Its: _____

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