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BOOK 171 PAGE 504

Return to:  
 WASHINGTON FEDERAL SAVINGS  
 13411 S.E. Mill Plain Blvd.  
 Ste. A-1  
 Vancouver, WA. 98684  
 Attn: Lenny Severs

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 SKAMANIA CO. WASH  
 BY SKAMANIA CO. CLERK

Dec 8 1 42 PM '97  
*G. Lawry*  
 AUDITOR  
 GARY M. OLSON

SEP 2 1997 [Space Above This Line For Recording Data]

# CONSOLIDATION AGREEMENT AND NOTICE OF ADVANCE

THIS CONSOLIDATION AGREEMENT made and entered on December 2nd, 1997  
 by and between PKS Developers Inc., a Washington Corporation

and Washington Federal Savings, a corporation in the United States of America ("Borrower"/Grantor),  
 and Washington Federal Savings, a corporation in the United States of America ("Lender"/Beneficiary/  
 Grantee).

## RECITALS:

- A. On or about October 18, 1996, Borrower, in connection with Loan number 102-209-185345-6, executed and delivered to Lender a Note (the "Original Note") in the original principal sum of Four Hundred Fifty Thousand Two Hundred Fifty and NO/100 (\$ 450,250.00), and providing for interest on the unpaid balance at the initial rate of Ten and One Quarter percent (10.250 %) per annum, and maturing on October 18, 1998.
- B. On or about the same date, Borrower executed and delivered to Lender, as security for the payment of the Original Note, a Mortgage or Deed of Trust (the "Security Instrument"). The Security Instrument was recorded in the office of the County Recorder, County Auditor or County Clerk of Skamania County, State of Washington, on November 1, 1996 as Auditor's/Recorder's number 126621. The Security Instrument covers the following described real property (the "Property").
- Lot 4 Green Acres Subdivision, according to the recorded plat thereof, recorded in Book B of plats, Page 82, in the County of Skamania, State of Washington.

Examined by  
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Washington State Only  
 Assessor's Property Tax Parcel/Account Number(s): 02-07-20-0-0-0209-00

- C. Borrower is indebted to Lender under the obligation evidenced by the Original Note, and Lender is the owner and holder of the indebtedness evidenced by the Original Note.

- D. Borrower has requested and obtained from Lender additional funds (the "Additional Advance") of an amount Fifty Thousand Dollars and NO/100 (\$ 50,000.00 ) and has executed and delivered to Lender a Note (the "Additional Note") of even date, in the original principal amount of the Additional Advance, providing for interest on the unpaid balance at the initial rate of Ten and One Quarter percent ( 10.250 %) per annum, and maturing on October 18, 1998 . The Additional Advance as evidenced by the Additional Note is secured by the Security Instrument as part of the "Loan Obligations" as defined in Covenant 1 of the Security Instrument and is subject to the terms of all other instruments delivered to Lender in connection with the Original Note and Security Instrument, including particularly any Construction Loan Agreement or Land Loan Agreement.
- E. Except as noted in this Agreement, the obligations evidenced by the Additional Note and the Original Note are to be repaid in the same proportions and are to be subject to the same terms, provisions, agreements, and stipulations.
- F. Lender and Borrower have agreed that the loans evidenced by the Original Note and the Additional Note shall be consolidated as to both debts and as a first priority lien as set forth below.

NOW, THEREFORE, as an integral part of the loan transaction related to the Additional Note, as a condition to Lender making the Additional Advance, for valuable consideration, and in consideration of the mutual promises, covenants, conditions, and stipulations set forth in this Consolidation Agreement, the parties agree as follows.

1. **PRINCIPAL LOAN BALANCE.** As of this date, the unpaid principal balance owing under the Original Note is the sum of \$ 448,571.90 with interest paid through November 1, 1997 . The original principal balance of the Original Note of \$ 450,250.00 has been modified by an additional advance of principal, as evidenced by the Additional Note. Both the Original Note and the Additional Note are secured by the Security Instrument, as modified by this Security Instrument. The total principal of the Original Note and Additional Note, without deduction for partial principal payment (if at all) made previous to this date, is \$ 500,250.00
2. **CONSOLIDATION OF OBLIGATIONS.** The debts evidenced by the Original Note and the Additional Note and secured by the Security Instrument shall be and they are hereby merged and consolidate to the same extent as if simultaneously loaned and advanced to Borrower.
3. **DISBURSEMENT OF LOAN PROCEEDS; LIEN PRIORITY STATUS; NEW CONSOLIDATED PAYMENT.** Upon recordation of this Agreement, the net proceeds of the Additional Advance will be disbursed to the order of Borrower (and each of them, if more than one). The debts evidenced by the Original Note and the Additional Note shall together be and remain a first lien upon the Property without priority of one over another, and shall secure the repayment of the present gross indebtedness with interest on the unpaid balance. Said repayment shall be in accordance with all the terms and provisions of the two Notes, subject to the terms and conditions of Paragraph 6 of this Consolidation Agreement.
4. **INCORPORATION OF ADDITIONAL NOTE AND CONSOLIDATION AGREEMENT AS PART OF "LOAN DOCUMENTS".** Any right, remedy, or security which is held by or available to Lender in connection with either the Original Note, the Additional Note or the Security Instrument, and including any right, remedy, or security provided by any Assignment of Rents and Income, or any Construction Loan Agreement or Land Loan Agreement, shall apply to both the Original Note, the Additional Note and the Security Instrument, irrespective of whether the instrument creating such right, remedy, or security refers only to one of the instruments described in this Agreement, and regardless of whether the instrument creating such right, remedy, or security was executed by less than all persons identified as Borrower. This Consolidation Agreement shall also be part of the "Loan Documents" as defined in Covenant 1 of the Security Instrument.
5. **DEFAULT.** Any default in either of the Original Note or Additional Note, under any other instrument securing the payment of either of the Notes, under any instrument relating to or under any instrument providing any right, remedy, or security in connection with either of the Notes or the Security Instrument, shall constitute a default in and under all of the instruments referred to in this Paragraph.
6. **PREFERENCE OF TERMS OF ADDITIONAL NOTE; NEW MATURITY DATE AND LOAN INTEREST RATE.** The terms of the Additional Note and of all instruments in any way related to the loan associated with the Additional Note, including this Consolidation Agreement, shall govern and apply to the extent of any conflict or inconsistency whatsoever which may exist between such instruments and the Original Note. Without limiting the general application of the foregoing, the following shall apply:



a. **NEW MATURITY DATE.** The Maturity Date set forth in the Additional Note shall modify and apply to the Original Note and the Security Instrument. The new Maturity Date on the entire loan, including the Original Note and the Additional Note (as modified by this Consolidation Agreement), is now and shall be October 18, 1998.

b. **NEW LOAN INTEREST RATE.** The Loan Interest Rate set forth in the Additional Note shall modify and apply to the Original Note and the Security Instrument. The new Loan Interest Rate on the entire loan, including the Original Note and the Additional Note (as modified by this Consolidation Agreement), is now and shall be Ten and One Quarter percent ( 10.250 %).

7. **SURVIVAL OF TERMS.** Except as set forth in this Consolidation Agreement, all of the terms, covenants, and conditions of all of the instruments referred to herein shall remain in full force and effect. Notwithstanding any provision hereof which might be construed to the contrary, this Consolidation Agreement shall in no way affect the validity, priority, or binding effect of the Security Instrument.

8. **BINDING EFFECT.** This Agreement shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assigns of Lender and Borrower.

WASHINGTON FEDERAL SAVINGS

By: [Signature]

Title: Branch Manager

**BORROWER'S ACKNOWLEDGEMENT OF RECEIPT AND ACCEPTANCE**

The undersigned Borrower, and each of them, acknowledge receipt and accept the terms and conditions of the above stated Consolidation Agreement and Notice of Advance.

X [Signature] President

[Signature] VICE PRES.

[Signature] Sec/Vice

(Over for notary acknowledgements)

STATE OF

)  
) ss.

COUNTY OF

I certify that I know or have satisfactory evidence that

[Name(s) of person(s)]

is/are the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument and acknowledged it to be (his/her/their) free and voluntary act for the uses and purposes mentioned in the instrument.

Dated:

(Seal or Stamp)

(Signature)

Notary Public in and for the State of

residing at

My commission expires

STATE OF Washington

)  
) ss.

COUNTY OF Sillumunia

I certify that I know or have satisfactory evidence that

Henry Stephens

K.W. Peterson, Ken Knapp

[Name(s) of person(s)]

is/are the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument, on oath stated that (he/she/they) was/were authorized to execute the instrument and acknowledged it as the

President, & Vice President & Secretary Treasurer

of PKS Development (Type of Authority, e.g., Officer, Trustee)

(Name of the Party on Behalf of Whom the Instrument was Executed)

to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: Dec. 3, 1997

(Seal or Stamp)

Paula Seaman  
(Signature)

Notary Public in and for the State of Washington

residing at Skensan

My commission expires October 8, 2001

