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BOOK 172 PAGE 485

FILED FOR RECORD
SKAMANIA CO. WASH
BY SKAMANIA CO. TITLE
JAN 15 12 10 PM '98
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AUDITOR
GARY H. OLSON

AFTER RECORDING RETURN TO:
PORTLAND DEVELOPMENT COMMISSION
1900 SW 4TH AVENUE, SUITE 100
PORTLAND, OREGON 97201

SCR 2/322

Document Title:

1: Trust Deed and Assignment of Leases and Rents
2:
3:

Grantors:

1: Hankins, Lois J.
2: Hankins, Ronald Ben
3:

Beneficiary:

1: Portland Development Commission

Abbreviated legal description:

Portion of lots 5 and 6, Washougal Riverside Tracts, page 8, Book A

Complete legal description is on page 2 of this document.

Assessors Parcel No:

02 05 32 3 0 2601 00

NOTE: The auditor/recorder will rely on the information on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information.

BOOK 172 PAGE 486

When Recorded Return to:
Portland Development Commission
1900 SW 4th Avenue, Suite 100
Portland, OR 97201

Attn.: C/O Karen Quimby
(For Economic Development)

TRUST DEED AND

ASSIGNMENT OF LEASES AND RENTS

THIS TRUST DEED AND ASSIGNMENT OF LEASES AND RENTS is made this 13th day of January, 1998, by and among **LOIS J. HANKINS AND RONALD BEN HANKINS** as "Grantor", **SKAMANIA COUNTY TITLE COMPANY**, as "Trustee", and the CITY OF PORTLAND acting by and through the **PORTLAND DEVELOPMENT COMMISSION**, as "Beneficiary".

Grantor, to induce Beneficiary to make a loan of ONE HUNDRED NINETY-SEVEN THOUSAND TWO HUNDRED FIFTY AND NO/100 DOLLARS ($197,250.00) to HANKINS HARDWARE dba COAST TO COAST HARDWARE, such loan hereby acknowledged as good and adequate consideration, does hereby grant and convey to the Trustee in trust, and to any assignee or transferee of the Trustee, all of Grantor's interest in the real property (and any and all improvements thereon or which may hereafter exist) situated in the County of Skamania, State of Washington, described as follows:

That portion of Lots 5 and 6 of Washougal Riverside Tracts, according to the official Plat thereof recorded at Page 80 of Book A of Plats, Records of Skamania County, Washington, lying Easterly of the 40 foot right of way conveyed to Skamania County by Deed dated June 25, 1962 and recorded at Page 258 of Book 50 of Deeds, Records of Skamania County, Washington.

(Tax Parcel No. 02 05 32 3 0 2601 00)

AKA: 231 Laurel Lane South, Washougal, Washington 98671

(the "Property")

Together with all the tenements, hereditaments and appurtenances, and all other rights belonging to the Property, including those which may later be found to belong or appertain, and the rents, issues, and profits therefrom, and any and all fixtures upon the Property at the time of the execution of this Trust Deed or at any time during the term of this Trust Deed, to have and hold the Property as so described, until such time as any and all indebtedness represented by the promissory note dated concurrently with this Trust Deed given by Grantor to Beneficiary (the "Note") is fully satisfied, discharged, and extinguished, and all conditions or other obligations in the Note, all underlying commitment letter(s), loan agreement(s), and this Trust Deed are satisfied. The final payment of said Note is due on the first day of January, 2008, which is the maturity date of this Trust Deed. The Property is not currently used for agricultural, timber or grazing purposes.

This conveyance is intended to secure the payment of the Note, in its present form and as it may be modified or substituted from time to time, all loans and advances of money, and all other indebtedness or obligations, which may from time to time be extended to Grantor by Beneficiary or incurred by Grantor on or after the date of this Trust Deed, in accordance with the terms of the Note and in accordance with commitment letter(s) and underlying loan agreement(s) between Grantor and Beneficiary. The Note contains provisions that the interest rate, payment terms, and or balance due on the loan evidenced by the Note may be adjusted as provided in the Note. This conveyance is also intended to secure the performance by grantor herein of all covenants and conditions set forth in the documents referred to in the preceding sentence. The terms of those documents herein referenced are hereby reincorporated, and will be deemed to have been fully set forth herein. This conveyance is also intended to secure the payment of all other sums or items specified herein which are, pursuant to this Trust Deed, required to be paid by Grantor.

ASSIGNMENT OF LEASES AND COLLECTION OF RENTS

The Grantor hereby assigns to Beneficiary all leases upon the Property, or any part thereof, which are now executed or which may hereafter during the term of the Note be executed, as further security for payment of sums due thereunder.

Grantor further assigns the rents, issues, and profits of the above-described property and hereby gives to Beneficiary the right, power, and authority for the duration of this Trust Deed, to collect the rents, issues, and profits of the real property securing this Trust Deed, reserving to Grantor the right, prior to any default by the Grantor with regard to payment of any obligation or indebtedness secured by the Trust Deed, to collect and retain the rents, issues, and profits as they become due and payable. Upon any default of any of the terms of the Loan Documents, the Beneficiary may at any time without notice and without regard to the presence of waste or danger of loss for destruction of the security, enter upon and take possession of the real property or any part thereof and any personal property of Grantor located thereon in which the Beneficiary has a security interest as additional security for the indebtedness secured by this Trust Deed, or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply such rents, issues, and profits, less costs and expenses of operation and collection, including reasonable attorney fees, upon the indebtedness secured by this Trust Deed, and in such order as the Beneficiary may determine at its option.

COVENANTS

Grantor covenants that:

(1) **Title:** The Grantor is the legal owner of the Property, and now has a valid and unencumbered fee simple title thereto, except for Rights of the public in and to that portion lying within the road and except for that Easement for Road, including the terms and provisions thereof, recorded May 29, 1957, in Book 43, Page 353 and except for that Deed of Trust, including the terms and provisions thereof, executed by RONALD BEN HANKINS AND LOIS J. HANKINS, HUSBAND AND WIFE, as grantor, to SKAMANIA COUNTY TITLE COMPANY, as trustee, for LACAMAS COMMUNITY FEDERAL CREDIT UNION, as Beneficiary, dated DECEMBER 22, 1994, recorded DECEMBER 28, 1994 in Book 147, Page 657, Auditor File No. 121340, Skamania County Mortgage Records, given to secure the payment of $93,600.00 that there are no interests which affect the security interest of this Trust Deed, and that Grantor will warrant and defend his title against the claims and demands of all other persons.

(2) **Payment and Performance:** The Grantor shall promptly pay when due all amounts payable by Grantor secured by this Trust Deed and will strictly perform all obligations imposed upon Grantor by this Trust Deed and Note.

(3) **Maintain Property:** The Grantor will protect, preserve, and maintain all the improvements erected on the Property in good order and repair and will not permit or cause any waste of the Property, and will complete or restore promptly and in a good and workmanlike manner any improvement which may be constructed, damaged, or destroyed. Grantor shall, at the request of the Beneficiary, execute one or more financing statements pursuant to the Uniform Commercial Code in form satisfactory to Beneficiary, and shall pay for filing costs, as well as all lien searches deemed desirable by Beneficiary.

(4) **Insurance:** The Grantor will keep all improvements insured against loss or damage by fire and flood, with extended coverage, and with loss payable to the Beneficiary, to the extent of the amount of the loan secured by this Trust Deed plus any amount evidenced by a prior or senior encumbrance or lien, in a company or companies acceptable to the Beneficiary and for the benefit of the Beneficiary with a standard lender's loss payable clause, and will deliver all the policies and renewals to the Beneficiary. Grantor agrees that any insurance proceeds payable under a policy or policies shall be paid directly to Beneficiary. If Beneficiary, by reason of such insurance receives any money for loss or damage, such amount may, at the option of Beneficiary either: (a) be retained and applied by Beneficiary toward payment of all or part of the indebtedness secured by this Trust Deed in such order as Beneficiary may determine, without regard to whether or not the security of Beneficiary is impaired, or (b) be paid over wholly or in part to the Grantor upon such conditions as Beneficiary may determine for the repair of buildings or improvements located on the Property or for the erection of new buildings or improvements in their place or for any other purpose or object satisfactory to Beneficiary. If Beneficiary elects to pay all or a portion of the insurance proceeds to Grantor, Beneficiary shall not be obligated to see to the proper application or any amount paid to Grantor. Grantor agrees that it will comply with the requirements of the Beneficiary as to the purchase and maintenance of flood insurance, as those requirements are established by the policies and requirements of the Beneficiary. It is the Grantor's responsibility to maintain the above insurance coverage until the Note secured by this Trust Deed is satisfied. Nothing in this paragraph shall be construed to mean that Grantor's obligations under this Trust Deed shall be altered or discharged due to the existence of insurance coverage. Beneficiary does not need to await payment of, or resolution of litigation as to, insurance proceeds before seeking any other remedy.

WARNING

UNLESS YOU PROVIDE US WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED BY OUR CONTRACT OR LOAN AGREEMENT, WE MAY PURCHASE INSURANCE AT YOUR EXPENSE TO PROTECT OUR INTEREST. THIS INSURANCE MAY, BUT NEED NOT, ALSO PROTECT YOUR INTEREST. IF THE COLLATERAL BECOMES DAMAGED, THE COVERAGE WE PURCHASE MAY NOT PAY ANY CLAIM YOU MAKE OR ANY CLAIM MADE AGAINST YOU. YOU MAY LATER CANCEL THIS COVERAGE BY PROVIDING EVIDENCE THAT YOU HAVE OBTAINED PROPERTY COVERAGE ELSEWHERE. YOU ARE RESPONSIBLE FOR THE COST OF INSURANCE PURCHASED BY US. THE COST OF THIS INSURANCE MAY BE ADDED TO YOUR CONTRACT OR LOAN BALANCE. IF THE COST IS ADDED TO YOUR CONTRACT OR LOAN BALANCE, THE INTEREST RATE ON THE UNDERLYING CONTRACT OR LOAN WILL APPLY TO THIS ADDED AMOUNT. THE EFFECTIVE DATE OF COVERAGE MAY BE THE DATE YOUR PRIOR COVERAGE LAPSED OR THE DATE YOU FAILED TO PROVIDE PROOF OF COVERAGE. THE COVERAGE WE PURCHASE MAY BE CONSIDERABLY MORE EXPENSIVE THAN INSURANCE YOU CAN OBTAIN ON YOUR OWN AND MAY NOT SATISFY ANY NEED FOR PROPERTY DAMAGE COVERAGE OR ANY MANDATORY LIABILITY INSURANCE REQUIREMENTS IMPOSED BY APPLICABLE LAW.

(5) **Pay Liens, Taxes, and Assessments**: The Grantor will, so long as this Trust Deed remains in force, keep the Property free from construction liens and will timely pay all taxes, assessments, charges, or liens that may be levied or assessed upon the Property, before any tax, assessment, charge or lien becomes due or delinquent, and before commencement of any foreclosure or collection proceedings which may threaten the security of this Trust Deed. Grantor further agrees to obtain Beneficiary's written consent prior to placing or allowing any further liens or encumbrances on the Property, which consent shall not be unreasonably withheld provided that such liens or encumbrances are subordinate to the lien of this Trust Deed.

(6) **Abide by Loan Agreement**: The Grantor shall abide by, and shall timely perform, any and all covenants and conditions of any commitment letter(s), loan agreement(s), including Rehabilitation Loan Agreement, or other agreement executed with, or with relation to, the Note and this Trust Deed.

(7) **Monthly Impound**: The Grantor shall maintain a reserve for payment of real property taxes with Beneficiary. Grantor will deposit One Twelfth (1/12) of the real property taxes plus five percent (5%) each month when they remit their regular monthly payment.

(8) **Senior Liens Kept Current:** The Grantor shall timely make all payments due under any pre-existing Note; senior encumbrances, or security instrument which has as its security the Property securing this Trust Deed.

(9) **Further Encumbrance:** Grantor shall not permit the Property to be further encumbered by additional liens for financing without the prior written consent of Beneficiary.

FAILURE TO ABIDE BY COVENANTS

Should Grantor fail to fully abide by any of the above covenants, default for that reason shall be automatic five days after notice of declaration of such default has been made as provided herein. Upon default, the entire unpaid principal balance of the Note secured by this Trust Deed, as well as all other indebtedness, will become immediately due and payable. There will be no waiver of the preceding sentence unless evidenced in writing. Should Beneficiary so choose, Beneficiary may elect to pay any unpaid insurance premium, lien, tax, assessment, or other charge (which under this Trust Deed is the sole obligation of Grantor) and any payment so made will be added to the debt secured by this Trust Deed and shall bear interest at the rate of interest borne by the Note secured by this Trust Deed until paid. Any such payment by Beneficiary shall not be a waiver of default.

FAILURE TO DISCLOSE

Upon discovery by Beneficiary of Grantor's willful failure to disclose any fact material to the making of any loan to Grantor, or upon discovery by Beneficiary of any misrepresentation by, on behalf of, or for the benefit of, Grantor, Beneficiary has the option to declare immediately due and payable the entire unpaid principal balance of the Note secured by this Trust Deed or any other indebtedness secured by this Trust Deed. Beneficiary's option shall be automatic five days after notice of declaration of such action has been made as provided herein.

POLICY PROHIBITING TRANSFER

The Grantor understands that the interest rate on the Note which is secured by this Trust Deed is subsidized by public funds and is below the prevailing market rate for similar loans obtainable from private lenders, and is intended to be solely for the benefit of the initial borrower. Grantor also understands that the loan secured by this Trust Deed is not intended to be of a direct benefit to either the undersigned or any transferee as the result of any subsequent transfer. It is, therefore, intended by Beneficiary that no sale or transfer of the Property subject to this Trust Deed will be made which will allow any transferee to take advantage of the below-market interest rate on the Note secured by this Trust Deed, except as specifically set forth in the aforementioned Note.

DUE ON SALE OR TRANSFER

ALL OF THE PRINCIPAL AMOUNT OF THE NOTE SECURED BY THIS TRUST DEED, OR ANY OTHER INDEBTEDNESS OR OBLIGATION SECURED BY THIS TRUST DEED, IS DUE AND PAYABLE IMMEDIATELY UPON SALE OR TRANSFER (OR ANY ATTEMPTED SALE OR TRANSFER) OF GRANTOR'S INTEREST IN THE PROPERTY.

DEFINITION OF "SALE OR TRANSFER"

"Sale or transfer" as used herein is defined in the Note secured by this Trust Deed, and all of the terms of that Note shall be deemed to have been fully set forth herein.

DEFAULT UNDER OTHER NOTE, LOAN AGREEMENT OR LIEN

Any default as to, any nonperformance of, and any noncompliance with any term or condition of the commitment letter (which is incorporated by this reference), another note, instrument or loan agreement secured by the same Property securing this Trust Deed, shall constitute a default of this Trust Deed. No waiver of the preceding sentence shall occur unless evidenced in writing.

OPTION TO PAY CHARGES, DEFAULT

If the Grantor breaches any covenant in this Trust Deed which breach is for failure to timely and properly pay any tax, lien, assessment, charge, or insurance premium when due, Beneficiary shall have the option to pay the same and any payment made shall be added to the debt secured by this Trust Deed. No payment pursuant to the preceding sentence shall be a waiver of any default. Holder may, in the alternative, declare a default in the event of any such failure to pay. In the event of default, Holder may accelerate the principal upon ten days written notice to Borrower, provided such default has not been cured.

USE OF FUNDS

Upon default, as defined above, any funds remaining in the possession of Beneficiary in any escrow or reserve account which have been designated as, or which have been used as, construction or rehabilitation funds (pursuant to underlying loan agreement or commitment letter) shall be subject to immediate segregation by Beneficiary to be used by Beneficiary for either or both of the following purposes: (a) to offset said funds against all outstanding accrued interest and charges and then against the outstanding principal balance, or (b) to complete, or, if completion is not possible, to continue construction or rehabilitation of the above premises according to the underlying loan documents. If completion is not possible due to inadequate funds remaining in escrow or reserve at the time of default, Beneficiary shall be permitted to advance funds necessary to complete the work and add such funds to the debt secured by this Trust Deed.

RIGHTS AND REMEDIES ON DEFAULT

Upon the occurrence of any default and at any time thereafter, Trustee or Beneficiary may exercise any one or more of the following rights and remedies:

(a) Beneficiary may declare the entire indebtedness, including the entire principal balance and accrued interest on the Note and any other amount accrued or owing hereunder immediately due and payable.

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

(c) If this Trust Deed is foreclosed by judicial procedure, Beneficiary will be entitled to a judgment that 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 Trust Deed exceeds the net sale proceeds payable to the Beneficiary.

(d) Beneficiary shall have the right, after five days' notice to Grantor, as provided herein, to take possession of the Property described above and collect the rents, issues, profits and revenues, including amounts past due and unpaid, and apply the net proceeds, over and above Beneficiary's costs, against the indebtedness hereunder and under the Note. In furtherance of this right, Beneficiary may require any tenant or other user to make payments of rent or use fees directly to Beneficiary. If receipts are collected by Beneficiary, then Grantor irrevocably designates Beneficiary 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 Beneficiary in response to Beneficiary's demands shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed. Beneficiary may exercise its rights under this paragraph either in person, by agent or through a receiver.

(e) Beneficiary shall have the right to have a receiver appointed to take possession of any or all of the Property described above, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, to collect the rents, issues, profits and revenues from the Property and apply the proceeds, over and above the cost of the receivership, against the indebtedness secured hereby or due hereunder. The receiver may serve without bond if permitted by law. Beneficiary's right to the appointment of a receiver shall exist whether or not apparent value of the Property exceeds the indebtedness secured hereby or due hereunder by a substantial amount. Employment by Beneficiary or an assignee of Beneficiary shall not disqualify a person from serving as a receiver.

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

(g) Trustee and Beneficiary shall have any other right or remedy provided in this Trust Deed, the Note or any other instrument delivered by Grantor in connection therewith or available at law, in equity or otherwise.

Beneficiary shall not have the right to exercise any one or more of the remedies described above after giving notice of default to Grantor as provided herein. If no notice period is specified as to any event of default, Beneficiary shall give Grantor ten (10) days' notice of default, before exercising any one or more of the remedies described above.

SALE OF THE PROPERTY

In exercising its rights and remedies, the Trustee or Beneficiary may cause the Property described above to be sold as a whole or in parcels, and certain portions of the Property may be sold without selling other portions. Beneficiary may bid at any public sale on all or any portion of the Property.

TIME OF ESSENCE

Time is of the essence of this Trust Deed.

INVALID PROVISIONS DO NOT AFFECT OTHERS

If any of the provisions contained in the Note or this Trust Deed shall be invalid, illegal or unenforceable in any respect, the validity of the remaining provisions in the Note and this Trust Deed shall not be affected.

CONDEMNATION

Beneficiary shall be entitled to all compensation, awards and other payments or relief related to condemnation and shall be entitled, at its sole option, to commence, appear in and prosecute in its own name any such action or proceeding. Beneficiary shall also be entitled to make any compromise or settlement in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds awarded to Grantor ("Condemnation Proceeds") are hereby assigned to Beneficiary, and Grantor agrees to execute such further assignments of the Condemnation Proceeds as Beneficiary may require. Beneficiary shall have the option, in its sole absolute discretion to either: (a) apply such Condemnation Proceeds, after deducting therefrom all costs and expenses regardless of the particular nature thereof and whether incurred with or without suit, including attorney fees incurred by Beneficiary in connection with such Condemnation Proceeds, upon all or part of the indebtedness secured by this Trust Deed in such order as Beneficiary may determine, without regard to whether or not the security of Beneficiary is impaired, or (b) apply all of such Condemnation Proceeds, after deducting all of Beneficiary's costs and expenses, to the restoration of the Property upon such conditions as Beneficiary may determine.

INTEREST AFTER JUDGMENT

If this Trust Deed is foreclosed, any judgment or decree will bear interest on the unpaid balance at the rate; i) which the law permits for interest on judgments; ii) which is specified in the Note; or (iii) if the rate has been recomputed due to transfer, the recomputed rate, whichever of these three is the greatest.

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 Beneficiary's and Trustee's interests in the Property are not jeopardized.

ATTORNEY FEES

In case suit or action is instituted to foreclose this Trust Deed, the prevailing party shall receive from the losing party in such suit or action such additional sum as the court may adjudge reasonable as attorneys' fees, expenses, and costs in said suit or action, or on any appeal therefrom, including, but not limited by, those fees and expenses permitted or defined by statutory law, and including without limitation all fees and expenses incurred at trial, on appeal, on petition for review, arbitration, mediation and in a bankruptcy proceeding. Further, in the event of default in any payment, whether or not suit or action is instituted, Grantor promises to pay all reasonable costs of collecting such delinquent payment.

NOTICE

Notices shall be effective when actually received:

By Portland Development Commission: Supervisor, Loan Servicing
Portland Development Commission
1900 SW 4th Avenue, Suite #100
Portland, Oregon 97201

By the Borrower: Lois J. And Ronald Ben Hankins
Hankins Hardware dba Coast to
Coast Hardware
231 Laurel Lane So.
Washougal, Washington 98671

In construing this Trust Deed, it is understood that the Grantor or Beneficiary may be more than one person; that if the context so requires the singular shall be taken to mean and include the plural; that the masculine shall mean the feminine and the neuter, and that generally all grammatical changes shall be made, assumed, and implied to make the provisions in this Trust Deed apply equally to corporations, partnerships, and individuals.

IN WITNESS WHEREOF, the Grantor has executed this Trust Deed this 13 day of January, 1998.

By: [signature]
Lois J. Hankins

By: [signature]
Ronald Ben Hankins

STATE OF OREGON)
) ss.
County of Multnomah)

This instrument was acknowledged before me this 13 day of January, 1998 by Lois J. Hankins.

BEFORE ME:

OFFICIAL SEAL
CORINNE V AKERILL
NOTARY PUBLIC-OREGON
COMMISSION NO. 046979
MY COMMISSION EXPIRES OCT 10, 1999

[signature]
Notary Public of Oregon
My Commission Expires:

STATE OF OREGON)
) ss.
County of Multnomah)

This instrument was acknowledged before me this 13 day of January, 1998 by Ronald Ben Hankins.

BEFORE ME:

OFFICIAL SEAL
CORINNE V AKERILL
NOTARY PUBLIC-OREGON
COMMISSION NO. 046979
MY COMMISSION EXPIRES OCT 10, 1999

[signature]
Notary Public of Oregon
My Commission Expires: