

141304

BOOK 210 PAGE 676

FILED FOR RECORD
SEAMANIA COUNTY
BY SKAMANIA CO. TITLE

JUN 5 3 13 PM '01

U. O. O. O.
AUDITOR
GARY H. OLSON

Return To:

GreenPoint Mortgage Funding, Inc.
1100 Larkspur Landing Circle, Suite 101
Larkspur, California 94939

Assessor's Parcel or Account Number: 01-05-11-1-0-2200-00
Abbreviated Legal Description: LOT 1 SUNSHINE ACRES

[Include lot, block and plat or section, township and range]
Trustee: Skamania County Title

Full legal description located on page 3

Additional Grantees located on page 2

SCR 24013 [Space Above This Line For Recording Data]

DEED OF TRUST

MIN100013801033987805

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

(A) "Security Instrument" means this document, which is dated May 31, 2001 together with all Riders to this document.

(B) "Borrower" is
Frances C Davies, An Unmarried Woman

Borrower is the trustor under this Security Instrument.
(C) "Lender" is GreenPoint Mortgage Funding, Inc.

IIGP-65
WASHINGTON Single Family Fannie Mae/Freddie Mac UNIFORM INSTRUMENT WITH MERS

0103398780
Form 3048 1/01

SA(WA) (0012)

Page 1 of 15

Initials: *FD*

VMP MORTGAGE FORMS - (800)521-7291

Lender is a corporation
organized and existing under the laws of The State Of New York
Lender's address is 1100 Larkspur Landing Circle, Suite 101
Larkspur, California 94939
(D) "Trustee" is SKAMANIA COUNTY TITLE

(E) "MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is the beneficiary under this Security Instrument. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of P.O. Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.

(F) "Note" means the promissory note signed by Borrower and dated May 31, 2001.
The Note states that Borrower owes Lender

Three Hundred Twenty-Two Thousand Nine Hundred Fifty and 00/100ths Dollars
(U.S. \$322,950.00) plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than June 1, 2031.

(G) "Property" means the property that is described below under the heading "Transfer of Rights in the Property."

(H) "Loan" means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.

(I) "Riders" means all Riders to this Security Instrument that are executed by Borrower. The following Riders are to be executed by Borrower (check box as applicable):

- | | | |
|---|---|---|
| <input checked="" type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Condominium Rider | <input type="checkbox"/> Second Home Rider |
| <input type="checkbox"/> Balloon Rider | <input type="checkbox"/> Planned Unit Development Rider | <input type="checkbox"/> 1-4 Family Rider |
| <input type="checkbox"/> VA Rider | <input type="checkbox"/> Biweekly Payment Rider | <input type="checkbox"/> Other(s) [specify] |

(J) "Applicable Law" means all controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(K) "Community Association Dues, Fees, and Assessments" means all dues, fees, assessments and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association or similar organization.

(L) "Electronic Funds Transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.

(M) "Escrow Items" means those items that are described in Section 3.

(N) "Miscellaneous Proceeds" means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

(O) "Mortgage Insurance" means insurance protecting Lender against the nonpayment of, or default on, the Loan.

(P) "Periodic Payment" means the regularly scheduled amount due for (i) principal and interest under the Note, plus (ii) any amounts under Section 3 of this Security Instrument.

II GP-65

GA(WA) (0012)

BOOK 210 PAGE 678

(Q) "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. Section 2601 et seq.) and its implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA.

(R) "Successor In Interest of Borrower" means any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

The beneficiary of this Security Instrument is MERS (solely as nominee for Lender and Lender's successors and assigns) and the successors and assigns of MERS. This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the County [Type of Recording Jurisdiction] of Skamania [Name of Recording Jurisdiction]:

Lot 1, Sunshine Acres, according to the recorded plat thereof, recorded in Book A of Plats, Page 24, in the County of Skamania, State of Washington.

Parcel ID Number: 01-05-11-1-0-2200-00
992 Riverside Drive
Washougal
("Property Address"):

which currently has the address of
[Street]
[City], Washington 98671 [Zip Code]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property." Borrower understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Lender including, but not limited to, releasing and canceling this Security Instrument.

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances IIOP-65

6A(WA) (0012)

Page 3 of 15

Initials: FW

0103398780

Form 3048 1/01

089900

of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. **Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges.** Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and any prepayment charges and late charges due under the Note. Borrower shall also pay funds for Escrow Items pursuant to Section 3. Payments due under the Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Lender as payment under the Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Lender when received at the location designated in the Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 15. Lender may return any payment or partial payment if the payment or partial payment is insufficient to bring the Loan current. Lender may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Lender is not obligated to apply such payments at the time such payments are accepted. If each Periodic Payment is applied as of its scheduled due date, then Lender need not pay interest on unapplied funds. Lender may hold such unapplied funds until Borrower makes payment to bring the Loan current. If Borrower does not do so within a reasonable period of time, Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower might have now or in the future against Lender shall relieve Borrower from making payments due under the Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

2. **Application of Payments or Proceeds.** Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order of priority: (a) interest due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments shall be applied first to late charges, second to any other amounts due under this Security Instrument, and then to reduce the principal balance of the Note.

If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

3. **Funds for Escrow Items.** Borrower shall pay to Lender on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all insurance required by Lender under Section 5; and (d) Mortgage Insurance premiums, if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 10. These items are called "Escrow Items." At origination or at any time during the term of the Loan, Lender may require that Community

IIOP-65

6A(WA) (0012)

Page 4 of 15

Initials: *JL*

0103398780

Form 3048 1/01

Association Dues, Fees, and Assessments, if any, be escrowed by Borrower, and such dues, fees and assessments shall be an Escrow Item. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be in writing. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Funds has been waived by Lender and, if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. Borrower's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument, as the phrase "covenant and agreement" is used in Section 9. If Borrower is obligated to pay Escrow Items directly, pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under Section 9 and pay such amount and Borrower shall then be obligated under Section 9 to repay to Lender any such amount. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 and, upon such revocation, Borrower shall pay to Lender all Funds, and in such amounts, that are then required under this Section 3.

Lender may, at any time, collect and hold Funds in an amount (a) sufficient to permit Lender to apply the Funds at the time specified under RESPA, and (b) not to exceed the maximum amount a lender can require under RESPA. Lender shall estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with Applicable Law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is an institution whose deposits are so insured) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Lender shall not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and Applicable Law permits Lender to make such a charge. Unless an agreement is made in writing or Applicable Law requires interest to be paid on the Funds, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender can agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds as required by RESPA.

If there is a surplus of Funds held in escrow, as defined under RESPA, Lender shall account to Borrower for the excess funds in accordance with RESPA. If there is a shortage of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the shortage in accordance with RESPA, but in no more than 12 monthly payments. If there is a deficiency of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the deficiency in accordance with RESPA, but in no more than 12 monthly payments.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender.

4. **Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which can attain priority over this Security Instrument, leasehold payments or ground rents on the Property, if any, and Community Association Dues, Fees, and Assessments, if any. To the extent that these items are Escrow Items, Borrower shall pay them in the manner provided in Section 3.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender, but only so long as Borrower is performing such agreement; (b) contests the lien in good faith by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which can attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Within 10 days of the date on which that notice is given, Borrower shall satisfy the lien or take one or more of the actions set forth above in this Section 4.

Lender may require Borrower to pay a one-time charge for a real estate tax verification and/or reporting service used by Lender in connection with this Loan.

5. **Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards including, but not limited to, earthquakes and floods, for which Lender requires insurance. This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Lender requires. What Lender requires pursuant to the preceding sentences can change during the term of the Loan. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's right to disapprove Borrower's choice, which right shall not be exercised unreasonably. Lender may require Borrower to pay, in connection with this Loan, either: (a) a one-time charge for flood zone determination, certification and tracking services; or (b) a one-time charge for flood zone determination and certification services and subsequent charges each time remappings or similar changes occur which reasonably might affect such determination or certification. Borrower shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Borrower.

If Borrower fails to maintain any of the coverages described above, Lender may obtain insurance coverage, at Lender's option and Borrower's expense. Lender is under no obligation to purchase any particular type or amount of coverage. Therefore, such coverage shall cover Lender, but might or might not protect Borrower, Borrower's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Borrower could have obtained. Any amounts disbursed by Lender under this Section 5 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

All insurance policies required by Lender and renewals of such policies shall be subject to Lender's right to disapprove such policies, shall include a standard mortgage clause, and shall name Lender as mortgagee and/or as an additional loss payee. Lender shall have the right to hold the policies and renewal certificates. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. If Borrower obtains any form of insurance coverage, not otherwise required by Lender, for damage to, or destruction of, the Property, such policy shall include a standard mortgage clause and shall name Lender as mortgagee and/or as an additional loss payee.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower. Unless Lender and Borrower otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Lender, shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to

hold such insurance proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such insurance proceeds, Lender shall not be required to pay Borrower any interest or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Borrower shall not be paid out of the insurance proceeds and shall be the sole obligation of Borrower. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such insurance proceeds shall be applied in the order provided for in Section 2.

If Borrower abandons the Property, Lender may file, negotiate and settle any available insurance claim and related matters. If Borrower does not respond within 30 days to a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Lender acquires the Property under Section 22 or otherwise, Borrower hereby assigns to Lender (a) Borrower's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Security Instrument, and (b) any other of Borrower's rights (other than the right to any refund of unearned premiums paid by Borrower) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Lender may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Security Instrument, whether or not then due.

6. **Occupancy.** Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control.

7. **Preservation, Maintenance and Protection of the Property; Inspections.** Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Whether or not Borrower is residing in the Property, Borrower shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible, Borrower shall promptly repair the Property if damaged to avoid further deterioration or damage. If insurance or condemnation proceeds are paid in connection with damage to, or the taking of, the Property, Borrower shall be responsible for repairing or restoring the Property only if Lender has released proceeds for such purposes. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Borrower is not relieved of Borrower's obligation for the completion of such repair or restoration.

Lender or its agent may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Lender may inspect the interior of the improvements on the Property. Lender shall give Borrower notice at the time of or prior to such an interior inspection specifying such reasonable cause.

8. **Borrower's Loan Application.** Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's principal residence.

9. Protection of Lender's Interest in the Property and Rights Under this Security Instrument. If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations), or (c) Borrower has abandoned the Property, then Lender may do and pay for whatever is reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property. Lender's actions can include, but are not limited to: (a) paying any sums secured by a lien which has priority over this Security Instrument; (b) appearing in court; and (c) paying reasonable attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Lender may take action under this Section 9, Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 9.

Any amounts disbursed by Lender under this Section 9 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

10. Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan, Borrower shall pay the premiums required to maintain the Mortgage Insurance in effect. If, for any reason, the Mortgage Insurance coverage required by Lender ceases to be available from the mortgage insurer that previously provided such insurance and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the Mortgage Insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the Mortgage Insurance previously in effect, from an alternate mortgage insurer selected by Lender. If substantially equivalent Mortgage Insurance coverage is not available, Borrower shall continue to pay to Lender the amount of the separately designated payments that were due when the insurance coverage ceased to be in effect. Lender will accept, use and retain these payments as a non-refundable loss reserve in lieu of Mortgage Insurance. Such loss reserve shall be non-refundable, notwithstanding the fact that the Loan is ultimately paid in full, and Lender shall not be required to pay Borrower any interest or earnings on such loss reserve. Lender can no longer require loss reserve payments if Mortgage Insurance coverage (in the amount and for the period that Lender requires) provided by an insurer selected by Lender again becomes available, is obtained, and Lender requires separately designated payments toward the premiums for Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to maintain Mortgage Insurance in effect, or to provide a non-refundable loss reserve, until Lender's requirement for Mortgage Insurance ends in accordance with any written agreement between Borrower and Lender providing for such termination or until termination is required by Applicable Law. Nothing in this Section 10 affects Borrower's obligation to pay interest at the rate provided in the Note.

Mortgage Insurance reimburses Lender (or any entity that purchases the Note) for certain losses it may incur if Borrower does not repay the Loan as agreed. Borrower is not a party to the Mortgage Insurance.

Mortgage insurers evaluate their total risk on all such insurance in force from time to time, and may enter into agreements with other parties that share or modify their risk, or reduce losses. These agreements are on terms and conditions that are satisfactory to the mortgage insurer and the other party (or parties) to these agreements. These agreements may require the mortgage insurer to make payments using any source of funds that the mortgage insurer may have available (which may include funds obtained from Mortgage Insurance premiums).

IIGP-65

BA(WA) (0012)

Page 8 of 15

Initials: *HL*

0103398780

Form 3048 1/01

As a result of these agreements, Lender, any purchaser of the Note, another insurer, any reinsurer, any other entity, or any affiliate of any of the foregoing, may receive (directly or indirectly) amounts that derive from (or might be characterized as) a portion of Borrower's payments for Mortgage Insurance, in exchange for sharing or modifying the mortgage insurer's risk, or reducing losses. If such agreement provides that an affiliate of Lender takes a share of the insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangement is often termed "captive reinsurance." Further:

(a) Any such agreements will not affect the amounts that Borrower has agreed to pay for Mortgage Insurance, or any other terms of the Loan. Such agreements will not increase the amount Borrower will owe for Mortgage Insurance, and they will not entitle Borrower to any refund.

(b) Any such agreements will not affect the rights Borrower has - if any - with respect to the Mortgage Insurance under the Homeowners Protection Act of 1998 or any other law. These rights may include the right to receive certain disclosures, to request and obtain cancellation of the Mortgage Insurance, to have the Mortgage Insurance terminated automatically, and/or to receive a refund of any Mortgage Insurance premiums that were unearned at the time of such cancellation or termination.

11. Assignment of Miscellaneous Proceeds; Forfeiture. All Miscellaneous Proceeds are hereby assigned to and shall be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such Miscellaneous Proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender shall not be required to pay Borrower any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 2.

In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the Opposing Party (as defined in the next sentence) offers to make an award to settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. "Opposing Party" means the third party that owes Borrower Miscellaneous Proceeds or the party against whom Borrower has a right of action in regard to Miscellaneous Proceeds.

11GP-65

SA(WA) (0012)

Page 9 of 15

Initials: JCB

0103398780

Form 3048 1/01

Borrower shall be in default if any action or proceeding, whether civil or criminal, is begun that, in Lender's judgment, could result in forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. Borrower can cure such a default and, if acceleration has occurred, reinstate as provided in Section 19, by causing the action or proceeding to be dismissed with a ruling that, in Lender's judgment, precludes forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. The proceeds of any award or claim for damages that are attributable to the impairment of Lender's interest in the Property are hereby assigned and shall be paid to Lender.

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 2.

12. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to Borrower or any Successor in Interest of Borrower shall not operate to release the liability of Borrower or any Successors in Interest of Borrower. Lender shall not be required to commence proceedings against any Successor in Interest of Borrower or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or any Successors in Interest of Borrower. Any forbearance by Lender in exercising any right or remedy including, without limitation, Lender's acceptance of payments from third persons, entities or Successors in Interest of Borrower or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right or remedy.

13. Joint and Several Liability; Co-signers; Successors and Assigns Bound. Borrower covenants and agrees that Borrower's obligations and liability shall be joint and several. However, any Borrower who co-signs this Security Instrument but does not execute the Note (a "co-signer"): (a) is co-signing this Security Instrument only to mortgage, grant and convey the co-signer's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signer's consent.

Subject to the provisions of Section 18, any Successor in Interest of Borrower who assumes Borrower's obligations under this Security Instrument in writing, and is approved by Lender, shall obtain all of Borrower's rights and benefits under this Security Instrument. Borrower shall not be released from Borrower's obligations and liability under this Security Instrument unless Lender agrees to such release in writing. The covenants and agreements of this Security Instrument shall bind (except as provided in Section 20) and benefit the successors and assigns of Lender.

14. Loan Charges. Lender may charge Borrower fees for services performed in connection with Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific fee to Borrower shall not be construed as a prohibition on the charging of such fee. Lender may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law.

If the Loan is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the Loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge (whether or not a prepayment charge is provided for under the Note). Borrower's acceptance of any such refund made by direct payment to Borrower will constitute a waiver of any right of action Borrower might have arising out of such overcharge.

15. Notices. All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to Borrower when mailed by first class mail or when actually delivered to Borrower's

IIGP-65

6A(WA) (0012)

Page 10 of 15

Initials: *FLO*

0103398780

Form 3048 1/01

notice address if sent by other means. Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires otherwise. The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender. Borrower shall promptly notify Lender of Borrower's change of address. If Lender specifies a procedure for reporting Borrower's change of address, then Borrower shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Lender shall be given by delivering it or by mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower. Any notice in connection with this Security Instrument shall not be deemed to have been given to Lender until actually received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

16. Governing Law; Severability; Rules of Construction. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Security Instrument or the Note conflicts with Applicable Law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision.

As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

17. Borrower's Copy. Borrower shall be given one copy of the Note and of this Security Instrument.

18. Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

19. Borrower's Right to Reinstate After Acceleration. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earliest of: (a) five days before sale of the Property pursuant to any power of sale contained in this Security Instrument; (b) such other period as Applicable Law might specify for the termination of Borrower's right to reinstate; or (c) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument; and (d) takes such action as Lender may reasonably require to assure that Lender's interest in the Property and rights under this Security Instrument, and Borrower's obligation to pay the sums secured by this Security Instrument, shall continue unchanged. Lender may require that Borrower pay such reinstatement sums and expenses in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c)

886600

certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity; or (d) Electronic Funds Transfer. Upon reinstatement by Borrower, this Security Instrument and obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 18.

20. Sale of Note; Change of Loan Servicer; Notice of Grievance. The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note and this Security Instrument and performs other mortgage loan servicing obligations under the Note, this Security Instrument, and Applicable Law. There also might be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information RESPA requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither Borrower nor Lender may commence, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Security Instrument, until such Borrower or Lender has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure given to Borrower pursuant to Section 22 and the notice of acceleration given to Borrower pursuant to Section 18 shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20.

21. Hazardous Substances. As used in this Section 21: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

Borrower shall promptly give Lender written notice of (a) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge, (b) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of

release of any Hazardous Substance, and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Borrower learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligation on Lender for an Environmental Cleanup.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

22. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Section 18 unless Applicable Law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property at public auction at a date not less than 120 days in the future. The notice shall further inform Borrower of the right to reinstate after acceleration, the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale, and any other matters required to be included in the notice by Applicable Law. If the default is not cured on or before the date specified in the notice, Lender at its option, may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and/or any other remedies permitted by Applicable Law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 22, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall give written notice to Trustee of the occurrence of an event of default and of Lender's election to cause the Property to be sold. Trustee and Lender shall take such action regarding notice of sale and shall give such notices to Borrower and to other persons as Applicable Law may require. After the time required by Applicable Law and after publication of the notice of sale, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of the Property for a period or periods permitted by Applicable Law by public announcement at the time and place fixed in the notice of sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it or to the clerk of the superior court of the county in which the sale took place.

23. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs and the Trustee's fee for preparing the reconveyance.

24. Substitute Trustee. In accordance with Applicable Law, Lender may from time to time appoint a successor trustee to any Trustee appointed hereunder who has ceased to act. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by Applicable Law.

IIGP-65

6A(WA) (0012)

Page 13 of 15

Initials: *FD*

0103398780

Form 3048 1/01

BOOK 210 PAGE 689

25. Use of Property. The Property is not used principally for agricultural purposes.

26. Attorneys' Fees. Lender shall be entitled to recover its reasonable attorneys' fees and costs in any action or proceeding to construe or enforce any term of this Security Instrument. The term "attorneys' fees," whenever used in this Security Instrument, shall include without limitation attorneys' fees incurred by Lender in any bankruptcy proceeding or on appeal.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider executed by Borrower and recorded with it.

Witnesses:

Frances C Davies (Seal)
-Borrower

(Seal)
-Borrower

(Seal) -Borrower (Seal) -Borrower

(Seal) -Borrower (Seal) -Borrower

(Seal) -Borrower (Seal) -Borrower

IIGP-65

6A(WA) (0012)

Page 14 of 15

0103398780

Form 3048 1/01

00992

BOOK 210 PAGE 690

STATE OF WASHINGTON
County of Skamania

} ss:

On this day personally appeared before me
Frances C Davies

to me known to be the individual(s) described in and who executed the within and foregoing instrument,
and acknowledged that he/she/they signed the same as his/her/their free and voluntary act and deed, for the
uses and purposes therein mentioned.

GIVEN under my hand and official seal this 31 day of May, 2001

Notary Public
State of Washington
JAMES R COPELAND, JR
MY COMMISSION EXPIRES
September 13, 2003

[Signature]
Notary Public in and for the State of Washington, residing at
Steverson
My Appointment Expires on 9-13-03

IIGP-65

SA(WA) (0012)

Page 15 of 15

Initials: *[Signature]*

0103398780

Form 3048 1/01

BOOK 210 PAGE 691

ADJUSTABLE RATE RIDER

(1 Year Treasury Index - Rate Caps)

THIS ADJUSTABLE RATE RIDER is made this 31ST day of May, 2001 and is incorporated into and shall be deemed to amend and supplement the Mortgage Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note (the "Note") to GreenPoint Mortgage Funding, Inc.

(the "Lender") of the same date and covering the property described in the Security Instrument and located at:

992 Riverside Drive, Washougal, Washington 98671
(Property Address)

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE LIMITS THE AMOUNT THE BORROWER'S INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE THE BORROWER MUST PAY.

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. INTEREST RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial interest rate of 7.125%. The Note provides for changes in the interest rate and the monthly payments as follows:

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The interest rate I will pay may change on the first day of June, 2006 and on that day every 12th month thereafter. Each date on which my interest rate could change is called a "Change Date."

IIIGP-65
MULTISTATE ADJUSTABLE RATE RIDER - ARM 5-2 - Single Family - Fannie Mae/Freddie Mac Uniform Instrument 0103398780

822R (0003) Form 3111 3/99
Page 1 of 4 Initials: Jde
VMP MORTGAGE FORMS - (800)521-7291

(B) The Index

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 year, as made available by the Federal Reserve Board. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index which is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding Two and 625/1000 percentage points (2.625%) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the maturity date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than 9.125% or less than 5.125%. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than two percentage points (2.0%) from the rate of interest I have been paying for the preceding 12 months. My interest rate will never be greater than 12.125%.

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

IIIGP-65

822R (0003)

Page 2 of 4

Initials: *hcd*

0103398780

Form 3111 3/99

(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

B. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

Section 18 of the Security Instrument is amended to read as follows:

Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

IIQP-65

322R (0003)

Page 3 of 4

Initials: *JO*

0103398780

Form 3111 3/99

BOOK 210 PAGE 694

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Adjustable Rate Rider.

Frances C. Davies
Frances C Davies

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

IIIGP-65

822R (0003)

Page 4 of 4

0103398780

Form 3111 3/99

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 this 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; 15.2. 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, 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 or 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 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 constitute a noninterest 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.

5. Expenditure by Credit

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 specific tax upon trust deeds or upon all or any part of the indebtedness secured by a trust deed or security agreement.
- 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.
- A tax on a trust deed or security agreement chargeable against the Credit Union or the holder of the Agreement secured.
- 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 matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the request of Credit Union Grantor:

- Join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights in the public.
- Join in granting any easement or creating any restriction on the Real Property.
- 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:

- 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.
- Grantor does not meet the repayment terms of the Agreement.
- 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:

- Any of the circumstances listed in a, above.
- The value of grantor's dwelling securing the indebtedness declines significantly below its appraised value for purposes of the Agreement.
- 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.
- Grantor(s) are in default under any material obligation of the Agreement and Deed of Trust.
- The maximum annual percentage rate under the Agreement is reached.
- 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.
- 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 of 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 postjudgment.

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 provided 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 obligations 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)

☒ Trust Deed
☐ Mortgage
☐ Land Sale Contract
 Other (Specify) _____

The prior obligation has a current principal balance of \$ 121,841.00 and is in the original principal amount of \$ 124,000.00.

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 indebtedness 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:

Michael B. Asbjornsen
 MICHAEL B. ASBJORNSEN

GRANTOR:

Tammy M. Asbjornsen
 TAMMY M. ASBJORNSEN

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 MICHAEL B. ASBJORNSEN

TAMMY M. ASBJORNSEN

to me known to be (or in California, personally known to me or proved to me on the basis of satisfactory evidence to be) individual, or individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 29 day of May, 2001



By: Kathleen E. Zimmer

Notary Public in and for the State of: WASHINGTON

Residing at: Washougal

My commission expires: 7-31-02

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: _____

Credit Union: SAFeway NORTHWEST CENTRAL CREDIT UNION

By: _____

Its: _____

EXHIBIT "A"

A tract of land in the Northwest Quarter of the Northeast Quarter of Section 33, Township 2 North, Range 5 East of the Willamette Meridian, in the County of Skamania, State of Washington, described as follows:

Beginning at the Northeast corner of the North Quarter of the Northeast Quarter of the said Section 33; thence West along the North line of said subdivision 462 feet; thence South to intersection with the centerline of the county road known and designated as the Washougal River Road, said point being the initial point of the tract hereby described; thence North 400 feet, more or less, to intersection with the South line of a tract of land conveyed to Joseph F. Beaudoin, ext. ux., by instrument recorded in Book 61, Page 109; thence West 200 feet; thence South 400 feet, more or less, to intersection with the centerline of the Washougal River Road aforesaid; thence following the centerline of said road in a Easterly direction 200 feet, more or less, to the initial point.