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Attn: Albert F. Schlottfeldt
P.O. Box 570
Vancouver, WA 98666

BOOK 230 PAGE 240

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Duggan Schlottfeldt
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Oct 8 10 45 AM '02
J. Michelson

WASHINGTON STATE COUNTY AUDITOR/RECORDER'S
INDEXING FORM (Cover Sheet)
(RCW 65.04)

Please print or type information

Document Title(s) (or transaction contained therein): Deed of Trust	
Reference Number(s) of Documents assigned or released: <input type="checkbox"/> Additional reference #s on page ____ of document	
Grantor(s) (Last name first, then first name and initials): James J. Schmid and Jolene Schmid <input type="checkbox"/> Additional names on page ____ of document	
Grantee(s) (Last name first, then first name and initials): George Schmid and Sons, Inc. (Beneficiary) Karey A. Schoenfeld (Trustee) <input type="checkbox"/> Additional names on page ____ of document	
Legal Description (abbreviated: i.e. lot, block, plat or section, township, range): Parcel 1: NE 4, NE 4 SEC 1, T1N, R5E, WM; Parcel 2: W 340', NW 4, SEC 6, T1N, R6E, WM; and Parcel 3: N 1/2, SE 4, NE 4, SEC 9, T1N, R5E, WM <input type="checkbox"/> Additional legal is on page ____ of document	
Assessor's Property Tax Parcel/Account Number: Parcel 1: 01-05-01-0-0-0100-00; Parcel 2: 01-06-06-0-0-0300-00, and Parcel 3: 01-05-09-0-0-0700-00 <input type="checkbox"/> Assessor Tax # not yet assigned	
The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.	

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**RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:**

Albert F. Schlotfeldt
Duggan Schlotfeldt & Welch, PLLC
P.O. Box 570
Vancouver, WA 98666

Grantor	:	James J. Schmid and Jolette Schmid
Grantee (Beneficiary)	:	George Schmid and Sons, Inc.
Grantee (Trustee)	:	Karey A. Schoenfeld
Abbreviated Legal	:	
Assessor's Tax Parcel #	:	
Other Reference Nos.	:	

**DEED OF TRUST
(Due on Sale)**

Effective Date.	September 16, 2002.
Grantor.	James J. and Jolette Schmid
Trustee.	Karey A. Schoenfeld
Beneficiary.	George Schmid and Sons, Inc.

1. Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the following described real property in Exhibit "A" attached hereto and incorporated herein by reference, which real property is not used principally for agricultural purposes, and shall not be used principally for agricultural purposes for so long as this Deed of Trust is in effect, together with all the tenements, hereditaments, and appurtenances now or hereafter belonging or appertaining thereto, and the rents, issues and profits thereof.

2. This Deed is for the purpose of securing performance of each agreement of Grantor herein contained, and payment of the sum of \$343,500.41 with interest, in accordance with the terms of a promissory note of even date herewith, payable to Beneficiary or order, and made by Grantor, and all renewals, modifications and extensions of and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of their successors or assigns, together with interest thereon at such rate as shall be agreed upon.

DEED OF TRUST - 1
17262001 D12 (Deed of Trust) (09/16/02)

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, Grantor covenants and agrees:

3. To pay all debts and monies secured hereby when from any cause the same shall become due.

4. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement being built or about to be built thereon; to restore promptly any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property.

5. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens or encumbrances impairing the security of this Deed of Trust.

6. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust. All policies shall be held by Beneficiary, and be in such companies as Beneficiary may approve and have loss payable first to Beneficiary as its interest may appear and then to Grantor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as Beneficiary shall determine. Such application by Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.

7. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

8. To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.

9. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

IT IS MUTUALLY AGREED THAT:

10. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion thereof as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

11. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.
12. Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto, on written request of Grantor and Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by Beneficiary or the person entitled thereto.
13. Upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington (as amended), at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fees; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto or may be deposited (less clerk's filing fee) with the clerk of the Superior Court of the county in which sale takes place.
14. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor had or had the power to convey at the time of his/her execution of this Deed of Trust, and such as he/she may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value.
15. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.
16. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless Trustee brings such action or proceeding.
17. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors, successors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

18. Beneficiary may, at its option, declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer of all or any part of the real property without Beneficiary's prior consent. 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 interests.

GRANTOR:

James J. Schmid
James J. Schmid

Jolette Schmid
Jolette Schmid
K.

STATE OF WASHINGTON)

County of Clark) ss.

I certify that James J. Schmid and Jolette Schmid appeared personally before me and that I know or have satisfactory evidence that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: 9/16/02

Robert J. Vincent
NOTARY PUBLIC FOR WASHINGTON
Residing at: Vancouver
My Commission Expires: 4/15/06

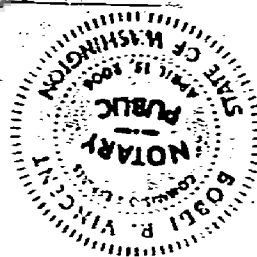


EXHIBIT A

Parcel I, Diced Rock

The following described real estate, situated in the County of Skamania, State of Washington, together with all after acquired title of the Grantors therein:

The Northeast Quarter of the Northeast Quarter of Section 1, Township 1 North, Range 5 East of the Willamette Meridian,

SUBJECT TO transmission line easement 100 feet in width granted to the United States of America for the Bonneville Power Administration's electric power transmission lines over and across the Southeast Quarter of the Northeast Quarter of Section 1, Township 1 North, Range 5 East of the Willamette Meridian, by Deed dated November 29, 1943, and recorded at Page 60 of Book 30 of Deeds, under Auditor's File NO. 33255, Records of Skamania County, Washington.

Parcel II, Diced Rock

The following property located in the County of Skamania, State of Washington. The West 340 feet of the Northwest quarter of Section 6, Township 1 North, Range 6 East of the Willamette Meridian, lying Northerly and Westerly of the centerline of the existing access road constructed by the Bonneville Power Administration.

EXCEPT the North 835 feet thereof; and

EXCEPT that portion thereof which lies within the Southwest quarter of the Southwest quarter of the Northwest quarter of said Section 6.

Parcel III, Cape Horn

The following described real estate, situated in the County of Skamania, State of Washington, together with all after acquired title of the Grantor(s) therein:

The North half of the Southeast Quarter of the Northeast Quarter of Section 9, Township 1 North, Range 5 East, W.M.;

EXCEPT that portion thereof lying within and southeasterly of the right of way acquired by the State of Washington for Primary State Highway No. 8.