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WHEN RECORDED RETURN TO

MARGARET MADISON PHELAN P.S.  
502 E McLoughlin Blvd  
Vancouver WA 98663-3357  
360 696-2069 · 503 243-7810

FILED  
SEAL  
BY *Margaret Madison Phelan P.S.*  
FEB 5 3 55 PM '03  
*Q. Lundy*  
J. MICHAEL L. LADD

DEED OF TRUST

GRANTOR: BERNARD K. BANDY  
TRUSTEE: MARGARET MADISON PHELAN, P.S.  
BENEFICIARIES: RANDALL K. BANDY, VICKI G. HOSEY and LAVEDA F. FESTER  
ABBREVIATED LEGAL DESCRIPTION: SW4 Section 21 Township 3 North Range 10EWM  
ASSESSOR'S TAX PARCEL ID # 03-10-21-3-0-1000-00  
REFERENCE NO: n/a

THIS DEED OF TRUST, made this 30<sup>th</sup> day of January, 2003, between BERNARD K. BANDY, Grantor, whose address is 11061 Cook Road, Underwood, WA 98651, and Margaret Madison Phelan, P.S., Attorney at Law, Trustee, whose address is 502 E McLoughlin Blvd, Vancouver, Washington 98663-3357, and RANDALL K. BANDY, 13109 NE 6<sup>th</sup> Court, Vancouver, Washington 98685, VICKI G. HOSEY 520 Kader Lane, Selah, Washington 98942, and LAVEDA F. FESTER, P.O. Box 1601, White Salmon, Washington, 98672, Beneficiaries, (hereinafter "Beneficiary);

WITNESSETH:

Grantor hereby bargains, sells and conveys to Trustee, in trust, with power of sale, the following described real property in Skamania County, Washington:

See attached Exhibit "A"

which real property is not used principally for agriculture or farming purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging, and the rents, issues and profits thereof.

This Deed is for the purpose of securing performance of each agreement of Grantor herein contained, and payment of the sum of FOUR THOUSAND NINE HUNDRED (\$4900) and NO/100 DOLLARS due to the Beneficiaries under the terms of a Promissory Note executed on January 30, 2003 together with any subsequently issued promissory notes payable to Beneficiary or order, and made by Grantor, and all extensions thereof, and also such further sums as may be advanced by Beneficiary to Grantor for the protection of the security position of the Beneficiary, or any of his successors or assigns, together with interest thereon at such rate as shall be agreed upon.

SPECIAL PROVISIONS:

None

GENERAL CONDITIONS:

To protect the security of this Deed of Trust, Grantor covenants and agrees:

1. To keep the property in good condition and repair, and to permit no waste thereof, other than as authorized specifically in writing by the Beneficiary.
2. 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.
3. 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 the Beneficiary, and be in such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.
4. 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 fee in a reasonable amount, in any such action or proceeding, and in any proceeding brought by Beneficiary to foreclose this Deed of Trust, whether or not by court action.
5. To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby, and Trustee's and attorney's fees actually incurred, as provided by statute.
6. 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 of percent per annum shall become immediately payable by Grantor, and if not so paid, shall be added to, and become a part of the debt secured by this Deed of Trust.

IT IS MUTUALLY AGREED THAT:

- A. In the event any portion of the property is taken or damaged in an eminent domain proceeding or by a casualty insured against, the entire amount of the award or insurance settlement, or such portion as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation, less reasonable costs of procuring same.
- B. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right to require prompt payment when due of all other sums so secured or to declare default for failure to pay.
- C. The 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 the Grantor and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.
- D. Time is of the essence hereunder, and 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 the 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, 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 fee; (2) to the obligation secured by this Deed of Trust; and (3) the surplus, if any, shall be distributed to the persons entitled hereto.

E. 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 execution of this Deed of Trust, and such as he 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 purchaser and encumbrances for value.

F. 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.

G. 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. The 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 party unless such action or proceeding is brought by the Trustee.

H. 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 and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

GRANTOR:

  
BERNARD K. BANDY by Randall K. Bandy, Attorney in Fact

BENEFICIARIES:

  
Randall K. Bandy

  
Vicki G. Hosey by Randall K. Bandy

  
Laveda F. Fester by Randall K. Bandy

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Approved and Accepted:

Margaret Madison Phelan P.S. by Melinda Shaver  
Margaret Madison Phelan P.S. by Melinda Shaver, Legal Assistant

STATE OF NEVADA )  
County of Clark ) ss.

I certify that I know or have satisfactory evidence that RANDALL K. BANDY, signed this instrument and on oath stated that he was authorized to execute the instrument and acknowledged it as the attorney in fact for BERNARD K. BANDY pursuant to DURABLE POWER OF ATTORNEY DATED August 26, 1997 and recorded under Skamania County Auditor's No. 143778 Book 220 Pages 622 - 627, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 30 day of January, 2003



Richard Dalley  
Notary Public  
PRINTED NAME: RICHARD DALLEY  
My Appointment Expires: 5-4-06



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Exhibit "A"

Tax Parcel No. 03-10-21-3-0-1000-00

Beginning at an iron pipe at the northwest corner of the Southwest Quarter of the Southwest Quarter of Section 21, Township 3 north, Range 10 E.W.M.; thence east 217 feet; thence south 114.75 feet to the north line of the right of way for the Underwood-Willard Highway; thence westerly along the north line of the right of way of the said highway 229.5 feet to intersection with the west line of the said Section 21; thence north 202 feet to the point of beginning;

SUBJECT TO easements and reservations of record.