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When recorded  
Brian H. Wolfe  
PO Box 1148  
Vancouver WA 98666-1148

FILE  
DATE  
FEB 19 1 18 PM '03  
Diane Cates  
J. Foley  
J. Foley

DEED OF TRUST

THIS DEED OF TRUST, made this 19 day of February, 2003, between JERRY R. CATES and DIANE F. CATES, husband and wife, Grantor, whose address is 721 Wantland Road, Washougal, Washington and THOMAS J. FOLEY, Trustee, 1419 Broadway, PO Box 609, Vancouver, Washington, 98660, and HCS GROUP, LLC, Beneficiary, whose address is 230 Broadalbin Street SW, Suite 250, Albany, OR 97321;

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

Tax Parcel No 2-5-34-602  
See Exhibit "A" attached hereto.

W<sup>2</sup>SE<sup>4</sup> Section 34, T2N, R5E, W1N

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

This deed is made in trust to secure the performance of each agreement of Grantor specified herein, and the payment of the principal sum of Thirty-Eight Thousand \$38,000.00 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 thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of its successors or assigns, together with interest thereon at such rate as shall be agreed upon.

As used herein, Beneficiary shall mean the designated payee of the aforesaid Note, or any subsequent lawful owner or holder of such note or of any indebtedness secured hereby.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST THE GRANTOR AGREES THAT:

1. All buildings now or hereafter erected on the property described herein shall be continuously insured against loss by fire or other hazards in an amount no less than the total debt secured by this Deed of Trust or, at the option of the Beneficiary, in such greater or lesser amount as shall be reasonably necessary to preserve the security interest of the Beneficiary.
2. All hazard insurance policies shall be in such companies as the Beneficiary may approve with loss payable first to the Beneficiary, and then to the Grantor, as their interests may appear.
3. Beneficiary, at Beneficiary's option, shall have the authority to act as the Grantor's agent to settle and adjust any loss under hazard insurance. At Beneficiary's option, Beneficiary may require that all insurance payments for such loss, over and above the reasonable expense, if any, of procuring the same, be applied to the extent necessary for the restoration of the improvements to their condition prior to the loss, or be applied to pay the Note and any other debt secured hereby.
4. In the event of foreclosure all rights of the Grantor in all insurance policies in force shall pass to the Beneficiary.
5. The buildings now on or hereafter erected on the premises shall be kept in good repair, not altered, extended, removed or demolished without written consent of the Beneficiary. Grantor shall comply with all laws, ordinances, regulations, covenants and restrictions which may affect the property.
6. Grantor will pay when due any obligations which are or may become a lien against the within described premises.
7. Grantor shall pay, on or before the dates due, all premiums to maintain insurance coverage, and all taxes and assessments charged against the within described property.
8. Grantor shall exhibit to Beneficiary a copy of the receipt evidencing payment of taxes and assessments and showing such payments are current, on or before May 2 and November 2 of each year. Any failure of Grantor to pay insurance premiums or taxes and assessments as called for by this Deed of Trust shall constitute an event of default.
9. At its sole option, Beneficiary may pay any delinquent taxes or assessments charged against the property, or pay any insurance premiums necessary to place or reinstate insurance coverage on the property, and charge the costs thereof to Grantor, which costs shall be added to the principal balance owing and bear interest at a like rate. An election by Beneficiary to take advantage of the options set forward in this Paragraph 9 shall not constitute a waiver by Beneficiary of the defaults of Grantor which prompted the election, and Beneficiary shall be



entitled to take all steps allowed by this Deed of Trust or the law to foreclose this Deed of Trust for such defaults.

10. It is understood that the loan secured by this Deed of Trust is personal to the Grantor or to any successor in interest approved by the Beneficiary and that the Grantor's personal responsibility and control of the real property encumbered by this Deed of Trust is a material inducement to the Beneficiary to make the loan. If title to or control of the property shall pass from the Grantor or the successor in interest by deed or otherwise, or the property shall be sold on contract, irrespective of whether such change in title or control affects the risk of the Beneficiary, the Beneficiary may declare the unpaid balance immediately due and payable or, at Beneficiary's sole option, may consent to the change in title or control upon such terms and conditions as Beneficiary may require.

11. In case of default in the payment of any installment of the Note or a breach of any agreement herein, the entire debt hereby secured, at the option of the Beneficiary, shall become immediately due without notice and this Deed of Trust may be foreclosed in the manner herein provided or in any other manner provided by law as the Beneficiary may elect, subject only to such reinstatement rights as may be provided by law.

12. Upon bringing an action to foreclose this Deed of Trust, the Beneficiary at any time, without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security of the indebtedness hereby secured, may enter upon and take possession of the property or any part thereof and in Beneficiary's own name sue for or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the same less costs and expenses of operation and collection, including reasonable attorney's fees, to reduce the indebtedness secured hereby.

13. The entering upon and taking possession of the property, the collection of rents, issues and profits, or the proceeds of fire and other insurance policies or compensations or awards for any taking or damage of the property, and the application or release thereof as aforesaid, Beneficiary shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

14. The Grantor will pay the cost of searching title and costs, disbursements and attorney's fees actually incurred in any suit which the Beneficiary defends or prosecutes to protect the lien hereof or to foreclose this Deed of Trust, which sums shall be secured hereby. Should this Deed of Trust be foreclosed non-judicially, repayment of all of said costs and fees shall be a condition precedent to reinstatement.

15. In the event any portion of the property is taken in condemnation proceedings, the entire amount of the award, after deduction of the reasonable costs of securing the award, shall be paid to Beneficiary to satisfy the obligations secured hereby. Any excess shall be paid to Grantor.

16. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive Beneficiary's right to require prompt payment of all other sums so secured or declare a default for failure to so pay.

**IT IS MUTUALLY AGREED THAT:**

17. After default and during such period of time prior to the time and date set by the trustee for the trustee's sale as may be prescribed by law, this Deed of Trust and the obligation secured hereby may be reinstated by the Grantor or other person then privileged by law to reinstate, in the manner prescribed by law.

18. The Trustee may postpone sale of all or any portion of said property by public announcement at the time and place of sale, and thereafter may further postpone the sale from time to time by public announcement at the time and place fixed by the preceding postponement, for periods of time and for a total period of time not exceeding that permitted by law.

19. Any person, including the Grantor, Trustee, or Beneficiary, may purchase at the sale unless prohibited by law. After deducting all costs, fees, and expenses of the Trustee and of this trust, including cost of title evidence and reasonable Trustee's and attorney's fees actually incurred in connection with sale to the extent permitted by law, the Trustee shall apply the proceeds of sale to the payment of all sums expended under the terms hereof not then repaid, with accrued interest at the rate provided in the Note, and all other sums then secured hereby, and the remainder, if any, to the person or persons legally entitled thereto.

20. For any reason permitted by law, the Beneficiary may from time to time appoint a successor or successors to any Trustee named herein or to any successor Trustee appointed hereunder. Upon such appointment, and without conveyance to the successor Trustee, the latter shall be vested with all title, powers and duties conferred upon any Trustee herein named or appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by the Beneficiary, containing reference to the Deed of Trust and its place of record, which, when recorded in the office of the Auditor of Clark County, Washington, shall be conclusive proof of proper appointment of the successor Trustee.

21. The power of sales conferred by this Deed of Trust is not an exclusive remedy. Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

22. The Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. The Trustee is not obligated to notify any party hereof of a pending sale under any other deed of trust or of any action or proceeding in which the Grantor, Beneficiary or Trustee shall be a party unless such action or proceeding is brought by the Trustee.

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23. This Deed of Trust applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns.

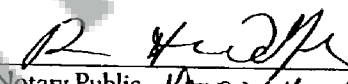
  
JERRY R. CATES

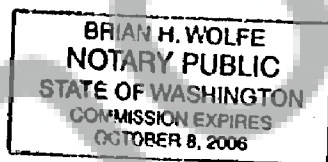
  
DIANE F. CATES

STATE OF WASHINGTON)  
COUNTY OF Clark ) : ss.

I certify that I know or have satisfactory evidence that JERRY R. CATES and DIANE F. CATES, husband and wife signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: 2-19-03

  
Notary Public Vancouver WA  
My Appointment Expires: 0-08-06





## EXHIBIT "A"

That portion of the West half of the Southeast Quarter of Section 34, Township 2 North, Range 5 East of the Willamette Meridian, Skamania County, Washington, described as follows:

Commencing at a 1" iron pipe with a brass disk marking the Southwest corner of said Section 34, as shown in recorded survey Book 1, Page 247; thence South 89 degrees 30'12" East along the South line of said Section 34, a distance of 2613.30 feet to a found 5/8" iron rod with a yellow plastic cap stamped "SWART 16929", marking the Southwest corner of Deed recorded in Book 130, Page 968; thence North 01 degrees 12'11" East along the West line of said West half of the Southeast Quarter of Section 34, a distance of 1324.46 feet to a found 5/8" iron rod with a yellow plastic cap stamped "HAGEDORN", as shown in recorded survey Book 1, Page 244 for the Southwest corner of Lot 11; Thence continuing North 01 degrees 12'11" East along said West line, a distance of 301.03 feet to the centerline of Wantland Road and the True Point of Beginning; thence Easterly along said centerline, a distance of 69.73 feet on a curve to the right having a radius of 300.00 feet and a central angle of 13 degrees 19'04"; thence continuing along said centerline North 86 degrees 20'00" East, a distance of 39.95 feet; thence continuing along said centerline, a distance of 66.03 feet on a curve to the left having a radius of 100.00 feet and a central angle of 37 degrees 00'00"; thence continuing along said centerline North 48 degrees 30'00" East, a distance of 204.53 feet; thence continuing along said centerline, a distance of 42.20 feet on a curve to the left having a radius of 100.00 feet and a central angle of 24 degrees 10'36"; thence North 36 degrees 24'42" East, a distance of 64.72 feet; thence North 29 degrees 09'52" East, a distance of 100.90 feet to the North line of said Lot 11; thence South 80 degrees 20'00" East along said "HAGEDORN" survey; thence North 60 degrees 40'00" East along said North line of Lot 12, a distance of 202.65 feet to a point on the East line of said West half of the Southeast Quarter and the Northeast corner of said Lot 12; thence North 01 degrees 11'49" East along said East line, a distance of 319.11 feet to the Northeast corner of Lot 10 of said "HAGEDORN" survey; thence North 90 degrees 00'00" West along the North line of said Lot 10, a distance of 1319.65 feet to the Northwest corner of said Lot 10; thence South 01 degrees 12'11" West along the West line of said Lot 10, a distance of 645.85 feet, to the true point of beginning.