

When Recorded, Return to:

Michael Sprando and Patricia Sprando
7257 SW Eton Court
Portland, OR 97225

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Page 1 of 7
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of SKAMANIA COUNTY
J. MICHAEL GARVISON
AUDITOR
Fee: \$26.00

DEED OF TRUST, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

SR 26660

DATE:

June 9, 2004

GRANTOR:

Kenneth W. Hick*

8415 SW Seneca Street, Ste. 210
Tualatin, OR 97062-8446

BENEFICIARY,

*a married man as his sole and separate property
Michael Sprando and Patricia Sprando
7257 SW Eton Court
Portland, OR 97225

TRUSTEE:

Stephen E. Blackman, Esq.
Brownstein, Rask, et al.
1200 SW Main Building
Portland, Oregon 97205-2040

STREET ADDRESS OF PROPERTY:

81 Malfait Road
Washougal, Washington

ASSESSORS TAX ACCOUNT NO. OF PROPERTY:

02-05-31-4-3-0201-00

1. **Conveyance.** Grantor irrevocably grants and conveys to Trustee in trust, with power of sale, all of Grantor's right, title and interest in the real property legally described as follows:

The East 5 feet of Lot 12, and all of Lot 13 of MALFAIT RIVER FRONT TRACTS, as per plat recorded in Book 'A' of Plats, Page 123, records of Skamania County, Washington

(the "Real Property"), to be held as security for the payment and performance of the obligations as defined below.

2. **Obligations Secured.** This Deed or Trust, Assignment of Rents and Security Agreement (the "Trust Deed"), is given to secure: the payment and performance of all obligations of Grantor under this Trust Deed; the Loan Agreement between the parties entered into on this date; all sums advanced by Beneficiary to protect the Real Property or to pay or perform any obligations of Grantor hereunder; all sums due under Grantor's Promissory Note to Beneficiary dated June 9, 2004, in the principal sum of \$353,000.00, as modified, supplemented, extended, renewed or replaced from time to time (the "Note"), the final payment of which, if not sooner paid, is due and payable July 1, 2005; any other obligations by Grantor to Beneficiary

evidenced by promissory note(s) or agreements which reference being secured by this Trust Deed; and all obligations, debts, claims and liabilities of Grantor to Beneficiary (individually or collectively), regardless of whether recovery is barred by any statute of limitations or are otherwise unenforceable, plus interest thereon, now existing or hereafter arising, voluntary or involuntary, due or not due, direct or indirect, absolute or contingent, liquidated or non-liquidated (including those in which Grantor is obligated as guarantor, surety, accommodation party or otherwise) (collectively referred to herein as the "Obligations").

3. **Assignment of Rents and Security Interest.** As additional security for the Obligations, Grantors assigns to Beneficiary, all of Grantor's right, title and interest in all present and future leases of the Real Property and grants Beneficiary a Uniform Commercial Code Security Interest in the rents or other income relating to or arising from any lease of the Real Property and all fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter located on or attached or affixed to the Real Property, together with all accessions, parts and additions to, all replacements of and all substitutions for any such property, together with all proceeds (including without limitation all insurance proceeds and refunded premiums) from any sale or other disposition of such property. As used hereafter, the term "Collateral" shall mean collectively the Real Property and/or personal property subject to this security interest.

4. **Taxes, Liens and Assessments.** Grantor shall pay before delinquent all taxes, liens, encumbrances, charges and assessments affecting the Collateral.

5. **Trust Expenses.** Grantor shall pay all costs, fees and expenses of this trust and all lawful charges, costs and expenses of any reinstatement of this Deed of Trust following a default.

6. **Fire Insurance.** Grantor shall, at Grantor's expense, maintain in force fire and extended coverage insurance in any amount of not less than the full replacement value of the Collateral with loss payable to Beneficiary, with such insurance coverage to contain a waiver of the insurer's right of subrogation against Beneficiary.

7. **Liability Insurance.** Grantor shall, at Grantor's expense, maintain in force policies of liability insurance, with Beneficiary as an additional insured thereunder, insuring against any claims related to or arising from the use, occupancy or condition of the Collateral.

8. **Indemnification of Trustees and Beneficiary.** Grantor shall hold Trustee and Beneficiary harmless from and indemnify them for any and all claims raised by any third party against Trustee or Beneficiary resulting from their interests hereunder or the acts of Grantor. Such indemnification shall include reasonable attorneys' fees and costs.

9. **Right of Beneficiary or Trustee to Pay or Perform Obligations of Grantor.** If Grantor fails or refuses to pay any sums due to be paid by it under the provisions of this Deed of Trust, or fails or refuses to take any action as herein provided, then Beneficiary or Trustee shall have the right to pay any such sum due to be paid by Grantor and to perform any act necessary to protect the Beneficiary's interest in the Collateral. The amount of such sums paid by Beneficiary or Trustee and the cost of any such action, together with interest thereon at the lesser rate of 1.5% per month or the maximum legal rate permitted under Washington law, from the date of payment until satisfaction, shall be added to the Obligations. The payment by Beneficiary or Trustee of any such sums or the performance of any such action shall be prima facie evidence of the necessity therefor.

10. **Condemnation.** Any award of damages in connection with any condemnation or injury to any of the Collateral by reason of public use or for damages for private trespass or injury thereto are assigned and shall be paid to Beneficiary, to be applied to the payment of the Obligations in such manner as Beneficiary may elect. Any remaining balance shall be paid to Grantor. Beneficiary may, at Beneficiary's option, appeal from any such award in the name of Grantor. Unless Grantor and Beneficiary otherwise agree in writing, any application of such proceeds shall not extend or postpone the due dates of any installment payments of the Obligations or change the amount of such payments.

11. **Care of Collateral.** Grantor shall take reasonable care of the Collateral and shall maintain it in good repair and condition as at the original date of this Deed of Trust. Grantor shall not commit or permit waste to the Collateral and shall do no act which, will unduly impair or depreciate the value of the Collateral or affect its insurability. If Grantor fails to maintain the Collateral as required, then Beneficiary or Trustee, at their option, may make necessary repairs and add the cost thereof to the

Obligations. Grantor shall take any necessary action to maintain any water rights, power rights or any rights of whatever nature, which are appurtenant to the Collateral.

12. **Right to Inspect Collateral.** Upon reasonable prior notice to Grantor, Beneficiary or Trustee shall have the right and license to go on and into the Collateral to inspect it in order to determine whether the provisions of this Deed of Trust are being performed.

13. **Event of Default.** Each of the following shall be considered an event of default of this Deed of Trust: (a) the failure of Grantor to pay or perform the Obligations or any term, obligation, covenant or condition in any other note or agreement between Grantor and Beneficiary on or before the due date thereof; (b) the failure of Grantor to perform any duty required by this Deed of Trust; (c) the removal or attempted removal by Grantor of any property included in the Collateral without the consent of Beneficiary; (d) the abandonment of the Collateral by Grantor; (e) a determination by Beneficiary the Collateral is inadequate or in danger of being impaired or threatened from any cause whatsoever; (f) sale or assignment of any interest in the Collateral (including without limitation, assignment for security purposes) without the prior written consent of Beneficiary, which may be granted, withheld or conditioned in Beneficiary's sole discretion; or (g) the filing, execution or occurrence of: (1) a petition in bankruptcy by or against Grantor, (2) a petition or answer seeking a reorganization, composition, readjustment, liquidation, dissolution or other relief of the same or different kind under any provision of the Bankruptcy Act, (3) the adjudication of Grantor as a bankrupt or insolvent, or insolvency in the bankruptcy equity sense, (4) an assignment by Grantor for the benefit of creditors, whether by trust, mortgage or otherwise, (5) a petition or other proceedings by or against Grantor for the appointment of a trustee, receiver, guardian, conservator or liquidator of Grantor with respect to all or substantially all its property, (6) Grantor's dissolution or liquidation or the taking of possession of Grantor's property by any governmental authority in connection with dissolution or liquidation.

14. **Remedies on Default.** On default, Beneficiary shall have all rights and remedies available under this Agreement or applicable law (all such rights and remedies to be cumulative) including without limitation:

- Washington law;
- 14.1 To foreclose this Trust Deed as a Mortgage or by advertisement and sale under applicable
 - 14.2 To exercise all rights of a secured creditor under the Uniform Commercial Code of Washington;
 - 14.3 To enter upon and take possession of the Collateral;
 - 14.4 To collect any rents or other income from the Collateral, including that past due and unpaid; and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any of the Obligations, and in such order as Beneficiary may determine;
 - 14.5 The entering upon and taking possession of the Collateral, the collection of such rents and income and the application thereof, shall not cure or waive any default or notice of Trustee's Sale hereunder or invalidate any act done pursuant to such notice;
 - 14.6 To have a receiver appointed by a Court to collect the rents and income as provided above; and
 - 14.7 To declare all Obligations immediately due and payable.

15. **Deficiency Judgment.** Unless prohibited by law, Beneficiary shall be entitled to a deficiency judgment against Grantor if the Trustee's Sale yields an amount insufficient to fully satisfy the Obligations.

16. **Acts of Trustee Affecting Collateral.** If the Trustee, in its sole discretion, releases or conveys all or any portion of the Collateral such action shall not affect the personal liability of any person for payment of the Obligations and without affecting security hereof for the full amount secured hereby on all remaining Collateral, and without the necessity that any sum representing the value or any portion thereof of the Collateral affected by Trustee's action be credited on the indebtedness.

17. **Satisfaction of the Obligation.** Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Obligations for cancellation, and upon payment of Trustee's fees, Trustee shall release and reconvey, without covenant or warranty, express or implied, the Collateral. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."
18. **Notices.** Copies of all notices and communications concerning this Deed of Trust shall be mailed to the parties at the addresses specified in this Deed of Trust. Any change of address shall be communicated to the other parties in writing. Any documents which may adversely affect the rights of any party to this Deed of Trust shall be delivered by Certified Mail, Return Receipt Requested, facsimile, personal service or any other means which will reasonable result in actual notice.
19. **Headings.** The marginal or topical headings of the provisions herein are for convenience only and do not define, limit or construe the contents of these provisions.
20. **Interpretation.** In this Deed of Trust, whenever the context so requires, masculine gender includes the feminine and neuter, and the singular includes the plural and vice versa.
21. **Applicable Law.** This Deed of Trust shall be subject to and governed by the laws of the State of Washington, regardless of the fact that one or more parties now is or may become a resident of a different state.
22. **Waiver.** Any waiver by any party of a breach of any provision of this Deed of Trust shall not operate or be construed as a waiver of any subsequent breach hereof.
23. **Succession of Benefits.** The provisions of this Deed of Trust shall benefit and bind the parties, their heirs, personal representatives and permitted assigns.
24. **Successor Trustee.** Beneficiary may appoint a Successor Trustee by delivering written notice of such appointment to the Successor Trustee, or in the manner prescribed by law. A Successor Trustee herein shall, without conveyance from the predecessor Trustee, succeed to all the predecessor's title, estate, rights, powers and duties. Trustee may resign by mailing or delivering notice thereof to Beneficiary and Grantor.
25. **Entire Agreement.** The terms of this Deed of Trust constitute the entire agreement among the parties, and the parties represent that there are no collateral or side agreements not otherwise provided for within the terms of this Deed of Trust.
26. **Time of Essence.** Time is of the essence in this Deed of Trust and every term, condition, covenant and provision hereof.
27. **Modification.** No modification of this Deed of Trust shall be binding unless evidenced by an agreement in writing and signed by all parties.
28. **Partial Invalidity.** If any provision of this Deed of Trust is held to be invalid or unenforceable, all the remaining provisions shall nevertheless continue in full force and effect.
29. **Representation and Warranties.** Grantor represents and warrants to Beneficiary:
- 29.1 Grantor is the owner of the Collateral free and clear of all liens and encumbrances.
 - 29.2 The Collateral has not been used for the storage or disposal of hazardous materials.
 - 29.3 Individuals signing this Trust Agreement on behalf of Grantor have the right and authority to do so.
 - 29.4 The Real Property is not a single-family, owner occupied dwelling.

29.5 There are no "wetlands" (as defined by applicable laws and regulations) located on the Property.

29.6 The Real Property is not used principally for agricultural or farming purposes.

29.7 This Trust Deed collateralizes a loan, which was for business or commercial purposes only.

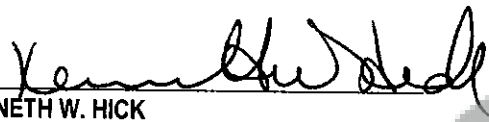
30. **Miscellaneous.**

30.1 In the event of legal action or suit related to or arising from this Agreement, the prevailing party shall be entitled to recover, in addition to any other remedy or relief, their reasonable attorney fees as may be established by the Court at trial or on appeal.

30.2 If Beneficiary is made a Defendant to any litigation concerning this Deed of Trust or the trust estate or any part hereof, Grantor shall indemnify, defend and hold Beneficiary harmless from all liability relating to or arising from such litigation, including reasonable attorneys fees and expenses incurred by Beneficiary in any such litigation.

DATED this 9 day of June, 2004.

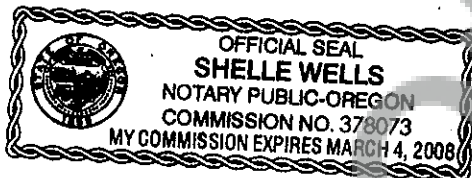
"Grantor"



KENNETH W. HICK

STATE OF OREGON)

County of Washington)

This instrument was acknowledged before me on June 10th
2004, by Kenneth W. Hick.




Notary Public for the State of Oregon X 3/4/08

REQUEST FOR FULL RECONVEYANCE

TO: _____: Trustee

The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by the trust deed have been fully paid and satisfied. You hereby are directed, on payment to you of any sums owing to you under the terms of the trust deed or pursuant to statute, to cancel all evidences of indebtedness secured by the trust deed (which are delivered to you herewith together with the trust deed) and to reconvey, without warranty, to the parties designated by the terms of the trust deed and estate now held by you under the same. Mail reconveyance documents to _____.

DATED: _____.

(Beneficiary)

Unofficial Copy

DOC # 2004153375
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EXHIBIT "A"

The East 5 feet of Lot 12, and all of Lot 13 of MALFAIT RIVER FRONT TRACTS, as per plat recorded in Book 'A' of Plats, Page 123, records of Skamania County, Washington

Unofficial
Copy