

Return Address:

Proteus Pension Plan & Trust
c/o Fairfield Financial Services
3327 SE 50th
Portland, OR 97206

57227621

TRUST DEED

Reference numbers of related documents:
none

Grantor:

1. Danial Ray Cates, a single man

Grantee(s):

1. Proteus Pension Plan & Trust (Beneficiary)
2. George W. McKallip, Jr. (Trustee)

Legal Description:

1. (Abbreviated) SE ¼ SEC 34 T2N R5E
2. (Full) See Exhibit A.

Assessor's Tax Parcel No.: 02-05-34-0-0-0600-00

THIS TRUST DEED is made this 18 day of February, 2005, between Danial Ray Cates, a single man, as Grantor, George W. McKallip, Jr. as Trustee, and Proteus Pension Plan & Trust, as Beneficiary,

WITNESSETH:

Grantor irrevocably grants, bargains, sells, and conveys to trustee in trust, with power of sale, the real property in Skamania County, Washington, which is more fully described as follows:

See Exhibit A

which real property is not principally for agricultural or farming purposes; together with all and singular the tenements, hereditaments and appurtenances and all other rights thereunto belonging or in anyway now or hereafter appertaining, and the rents, issues and profits thereof and all fixtures now or hereafter attached to or used in connection with said real estate.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of Grantor herein contained and payment of the sum of \$150,000.00, with interest thereon according to the terms of a promissory note dated February 18, 2005, payable to beneficiary or order and made by Grantor, the final payment of principal and interest hereof, if not sooner paid, to be due and payable February 18, 2007.

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of said note becomes due and payable. In the event the within described property, or any part thereof, or any interest therein is sold, agreed to be sold, conveyed, assigned or alienated by the Grantor without first having obtained the written consent or approval of the beneficiary, then, at the beneficiary's option, all obligations secured by this instrument, irrespective of the maturity dates expressed therein, or herein, shall become immediately due and payable. This provision does not prohibit the placement of Subordinate Trust Deeds.

To protect the security of this trust deed, Grantor agrees:

1. To protect, preserve and maintain said property in good condition and repair; not to remove or demolish any building or improvement thereon; not to commit or permit any waste of said property.
2. To complete or restore promptly and in good and workmanlike manner any building or improvement which may be constructed, damaged or destroyed thereon, and pay when due all costs incurred therefore.
3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said property. If the beneficiary so requests, to join in executing such financing statements pursuant to the Uniform Commercial Code as the beneficiary may require and to pay for filing same in the proper public office or offices,

as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the beneficiary.

4. To provide and continuously maintain insurance on the buildings now or hereafter erected on the said premises against loss or damage by fire, earthquake and flood and such other hazards as the beneficiary may from time to time require, in an amount not less than the insurable value, written in companies acceptable to the beneficiary, with beneficiary named as Loss Payee; all policies of insurance shall be delivered to the beneficiary as soon as insured; if the grantor shall fail for any reason to procure any such insurance and to deliver said policies to the beneficiary at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on said buildings, the beneficiary may procure the same at grantor's expense. The amount collected under any fire or other insurance policy may be applied by beneficiary upon any indebtedness secured hereby and in such order as beneficiary may determine, or at option of beneficiary the entire amount so collected, or any part thereof, may be released to grantor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

5. To keep said premises free from construction liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against said property before any part of such taxes, assessments and other charges become past due or delinquent and promptly deliver receipts therefore to beneficiary; should the grantor fail to make payment of any taxes, assessments, insurance premiums, liens or other charges payable by grantor, either by direct payment or by providing beneficiary with funds with which to make such payment, beneficiary may, at its option, make payment thereof, and the amount so paid, with interest at the rate set forth in the note secured hereby, together with the obligations described in paragraphs 6 & 7 of this trust deed, shall be added to and become a part of the debt secured by this trust deed, without waiver of any rights arising from breach of any of the covenants hereof and for such payments, with interest as aforesaid, the property hereinbefore described, as well as the grantor, shall be bound to the same extent that they are bound for the payment of the obligation herein described, and all such payments shall be immediately due and payable without notice, and the nonpayment thereof shall, at the option of the beneficiary, render all sums secured by this trust deed immediately due and payable and constitute a breach of this trust deed.

6. To pay all costs, fees and expenses of this trust including the cost of title search as well as the other costs and expenses of the trustee incurred in connection with or in enforcing this obligation and trustee's and attorney's fees actually incurred.

7. To appear in and defend any action or proceeding purporting to affect the security rights or powers of beneficiary or trustee; and in any suit, action or proceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of this deed, to pay all costs and expenses, including evidence of title and the beneficiary's

or trustee's attorney's fees; the amount of attorney's fees mentioned in this paragraph 7 in all cases shall be fixed by the trial court and in the event of an appeal from any judgment or decree of the trial court, grantor further agrees to pay such sum as the appellate court shall adjudge reasonable as the beneficiary's or trustee's attorney's fees on such appeal and any attorneys fees and costs incurred by Beneficiary in enforcing this Trust Deed in the United States Bankruptcy Court.

It is mutually agreed that:

8. In the event that any portion or all of said property shall be taken under the right of eminent domain or condemnation, beneficiary shall have the right, if it so elects, to require that all or any portion of the monies payable as compensation for such taking, which are in excess of the amount required to pay all reasonable costs, expenses and attorney's fees necessarily paid or incurred by grantor in such proceedings, shall be paid to beneficiary and applied by it first upon any reasonable costs and expenses and attorney's fees, both in the trial and appellate courts, necessarily paid or incurred by beneficiary in such proceedings, and the balance applied upon the indebtedness secured hereby; and grantor agrees, at its own expense, to take such actions and execute such instruments as shall be necessary in obtaining such compensation, promptly upon beneficiary's request.

9. At any time and from time to time upon written request of beneficiary, payment of its fees and presentation of this deed and the note for endorsement (in case of full reconveyances, for cancellation), without affecting the liability of any person for the payment of the indebtedness, trustee may (a) consent to the making of any map or plat of said property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this deed or the lien or charge thereof; (d) reconvey, without warranty, all or any part of the property. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustee's fees for any of the services mentioned in this paragraph shall be not less than \$5.

10. Upon any default by grantor hereunder, beneficiary may 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 for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in its own name sue 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 upon any indebtedness secured hereby, and in such order as beneficiary may determine.

11. The entering upon and taking possession of said property, the collection of such rents, issues and profits, or the proceeds of fire and other insurance policies or

compensation or awards for any taking or damage of the property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

12. Upon default by grantor in payment of any indebtedness secured hereby or in his performance of any agreement hereunder, time being of the essence with respect to such payment and/or performance, the beneficiary may declare all sums secured hereby immediately due and payable. In such an event the beneficiary at his election may proceed to foreclose this trust deed in equity as a mortgage or direct the trustee to foreclose this trust deed by advertisement and sale, or may direct the trustee to pursue any other right or remedy, either at law or in equity, which the beneficiary may have. In the event the beneficiary elects to foreclose by advertisement and sale, the beneficiary or the trustee shall execute and cause to be recorded his written notice of default and his election to sell the said described real property to satisfy the obligation secured hereby whereupon the trustee shall fix the time and place of sale, give notice thereof as then required by law and proceed to foreclose this trust deed in the manner provided in the Revised Code of the State of Washington.

13. After the trustee has commenced foreclosure by advertisement and sale, and at any time prior to 11 days before the date the trustee conducts the sale, the grantor or any other person so privileged under the provisions of the Revised Code of the State of Washington, may cure the default or defaults. If the default consists of a failure to pay, when due, sums secured by the trust deed, the default may be cured by paying the entire amount due at the time of the cure other than such portion as would not then be due had no default occurred. Any other default that is capable of being cured may be cured by tendering the performance required under the obligation or trust deed. In any case, in addition to curing the default or defaults, the person effecting the cure shall pay to the beneficiary all costs and expenses actually incurred in enforcing the obligation of the trust deed together with trustee's and attorney's fees not exceeding the amounts provided by law.

14. Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale or the time to which said sale may be postponed as provided by law. The trustee may sell said property either in one parcel or in separate parcels and shall sell the parcel or parcels at auction to the highest bidder for cash, payable at the time of sale. Trustee shall deliver to the purchaser its deed in form as required by law conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters of fact shall be conclusive proof of the truthfulness thereof. Any person, excluding the trustee, but including the grantor and beneficiary, may purchase at the sale.

15. When trustee sells pursuant to the powers provided herein, trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including the compensation of the trustee and a reasonable charge by trustee's attorney, (2) the

obligation secured by the trust deed, (3) all persons having recorded liens subsequent to the interest of the trustee in the trust deed as their interests may appear in the order of their priority and (4) the surplus, if any, to the grantor or to his successor in interest entitled to such surplus.

16. 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 beneficiary, which, when recorded in the mortgage records of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee.

17. Trustee accepts this trust when this deed, duly executed and acknowledged is made a public record as provided by law. 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, beneficiary or trustee shall be a party unless such action or proceeding is brought by trustee.

18. The grantor covenants and agrees to and with the beneficiary and those claiming under him, that he is lawfully seized in fee simple of said described real property and has a valid, unencumbered title thereto except for the exceptions set forth on Exhibit B attached hereto and that he will warrant and forever defend the same against all persons whomsoever.

19. This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns. The term beneficiary shall mean the holder and owner, including pledgee, of the contract secured hereby, whether or not named as a beneficiary herein. In construing this deed and whenever the context so requires, the masculine gender includes the feminine and the neuter, and the singular number includes the plural.

20. In the event that improvements are made to the subject property, the Grantor shall provide the Beneficiaries with written notice of the improvements that are going to be made and the source for the payment of the construction of these improvements. Grantor shall insure all such improvements in an amount of not less than the then insurable interest of the improvements. Grantor will pay when due all statements for materials provided or labor performed in the construction of any improvement on the subject real property.

21. The interest rate, payment terms, or balance due on the Trust Deed and the loan secured thereby, may be indexed, adjusted, renewed, or renegotiated by

Grantor and Beneficiary and signed by all parties. This does not constitute an obligation on the part of Lender.

22. The Grantor warrants that the proceeds of the loan represented by the above described Note and this Trust Deed are for an organization, or (even if grantor is a natural person) are for business or commercial purposes.

23. If requested by Lender or by the agent closing the referenced loan, and if not otherwise prohibited by applicable law, the undersigned will immediately and fully cooperate to adjust for and correct errors in any and all documents associated with or evidencing the loan, including, but not limited to, the execution of new documents or the initialing of corrected original documents, in order to ensure that such documents accurately and validly reflect the true and correct terms and provisions of and secure the loan transaction free of errors. This agreement by the undersigned will apply whether the error is due to a unilateral mistake on the part of the Lender or closing agent, to a mutual mistake on the part of the undersigned and the Lender or closing agent or to a clerical mistake by the Lender or closing agent.

WARNING: Unless grantor provides beneficiary with evidence of insurance coverage as required by the contract or loan agreement between them, beneficiary may purchase insurance at grantor's expense to protect beneficiary's interest. This insurance may, but need not, also protect grantor's interest. If the collateral becomes damaged, the coverage purchased by beneficiary may not pay any claim made by or against grantor. Grantor may later cancel the coverage by providing evidence that grantor has obtained property coverage elsewhere. Grantor is responsible for the cost of any insurance coverage purchased by beneficiary, which cost may be added to grantor's contract or loan balance. If it is so added, the interest rate on the underlying contract or loan will apply to it. The effective date of coverage may be the date grantor's prior coverage lapsed or the date grantor failed to provide proof of coverage. The coverage beneficiary purchases may be considerably more expensive than insurance grantor might otherwise obtain alone and may not satisfy and need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

IF ANY PROVISION OF THESE INSTRUCTIONS IS DEEMED TO BE INVALID, SUCH PROVISION SHALL BE REFORMED TO BE VALID AND IN NO WAY SHALL AFFECT THE VALIDITY OF THE OTHER PROVISION(S).

GRANTOR:

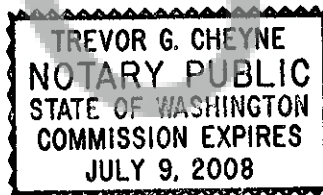
Dan Ray Cates
Danial Ray Cates

STATE OF WASHINGTON)
) ss.
County of Clark)

I certify that I know or have satisfactory evidence that Danial Ray Cates is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: February 18, 2005

Trevor G. Cheyne
(Signature)
Trevor G. Cheyne
Title Notary Public
My Appointment Expires: 7/9/08



REQUEST FOR FULL RECONVEYANCE

To be used only when obligations have been paid

TO: George W. McKallip, Jr., Trustee

The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by said 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 said trust deed or pursuant to statute, to cancel all evidences of indebtedness secured by said trust deed (which are delivered to you herewith together with said trust deed) and to reconvey, without warranty, to the parties designated by the terms of said trust deed the estate now held by you under the same. Mail reconveyance and documents. Mail reconveyance and documents to:

Dated _____

Beneficiary

Do not lose or destroy this TRUST DEED OR THE NOTE which it secures. Both must be delivered to the trustee for cancellation before reconveyance will be made.

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 $89^{\circ}30'12''$ East along the South line of said Section 34, a distance of 2613.30 feet to a found $\frac{3}{4}$ " iron rod with a yellow plastic cap stamped "SWART 16929", marking the Southwest corner of Deed recorded in Book 130, Page 968;

Thence North $01^{\circ}12'11''$ East along the West line of said West Half of the Southeast Quarter of said Section 34, a distance of 826.88 feet to the True Point of Beginning of this herein described parcel of land;

Thence continuing North $01^{\circ}12'11''$ East along said West line, a distance of 497.58 feet to a found $\frac{3}{4}$ " 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 and the Northwest corner of the Southwest Quarter of said Southeast Quarter of Section 34;

Thence continuing North $01^{\circ}12'11''$ East along said West line, a distance of 301.03 feet to the centerline of Wantland Road;

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 $13^{\circ}19'04''$;

Thence continuing along said centerline North $86^{\circ}20'00''$ 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 $37^{\circ}50'00''$;

Thence continuing along said centerline North $48^{\circ}30'00''$ 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 $24^{\circ}10'36''$;

Thence North $36^{\circ}24'42''$ East, a distance 64.72 feet;

Thence North $29^{\circ}09'52''$ East, a distance of 100.90 feet to the North line of said Lot 11;

Thence South $80^{\circ}20'00''$ East along said North line, a distance of 726.38 feet to the North line of Lot 12 of said "HAGADORN" survey;

Thence North $60^{\circ}40'00''$ 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;

Thence South $01^{\circ}11'49''$ West along said East line, a distance of 639.96 feet to the Northeast corner of the Southwest Quarter of the Southeast Quarter of said Section 34;

Thence North $89^{\circ}28'13''$ West along the North line of said Southwest Quarter of the Southeast Quarter, a distance of 881.81 feet;

Thence South $01^{\circ}12'11''$ West, a distance of 497.37 feet;

Thence North $89^{\circ}29'55''$ West, a distance of 437.75 feet to the True Point of Beginning.

EXHIBIT B
Permitted Exceptions to Title

1. Rights of others thereto entitled in and to the continued uninterrupted flow of creek, and rights of upper and lower riparian owners in and to the use of the waters and the natural flow thereof.
2. Any adverse claims based upon the assertion that creek has moved.
3. Rights of the Public in and to that portion lying within road.
4. Easements of record.