

WHEN RECORDED RETURN TO:

BRADLEY W. ANDERSEN
SCHWABE, WILLIAMSON & WYATT, P.C.
700 WASHINGTON STREET, SUITE 701
VANCOUVER, WA 98660

CCT 00118902 CAM

DOCUMENT TITLE(S):

DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES
AND SECURITY AGREEMENT

REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED:

GRANTOR:

1. REGAL-A-LAND ACQUISITION & DEVELOPMENT LLC
- 2.

GRANTEE:

1. CHINIDERE, LLC
- 2.

TRUSTEE:

CLARK COUNTY TITLE COMPANY

ABBREVIATED LEGAL DESCRIPTION:

Lot 1, Feliz Short Plat

Full Legal Description located on Page

See Exhibit A

TAX PARCEL NUMBER(S):

03-75-36-3-0-0500-00

Recording Requested By And
When Recorded Mail To:
Bradley W. Andersen
Schwabe, Williamson & Wyatt, P.C.
700 Washington Street, Suite 701
Vancouver, WA 98660

July 5-27-08

**DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES
AND SECURITY AGREEMENT**

Grantor : REGAL-A LAND ACQUISITION & DEVELOPMENT LLC
Grantee : CHINIDERE, LLC
Abbreviated Legal Description: _____
Assessor's Tax Parcel ID#s : _____
Reference Nos. of Documents Released or Assigned: N/A

**DEED OF TRUST,
ASSIGNMENT OF RENTS AND LEASES
AND SECURITY AGREEMENT**

This Deed of Trust, Assignment of Rents and Leases and Security Agreement ("Agreement" or "Deed of Trust") made on May 30, 2008, between REGAL-A LAND ACQUISITION & DEVELOPMENT LLC, which address for purposes of this Deed of Trust is 14435 NE Valley View, Battle Ground, Washington 98604, Grantor, CLARK COUNTY TITLE COMPANY, which address is 1400 Washington Street, Suite 100, Vancouver, WA 98660, Trustee, and CHINIDERE, LLC., which mailing address is 6906 NE 139th Street, Vancouver, Washington 98686, Beneficiary.

WITNESSETH: Grantor hereby irrevocably grants, bargains, sells, and conveys to Trustee in trust, with power of sale, all of Grantor's interest in the following described real property in the County of Skamania, State of Washington:

See Exhibit "A" attached hereto and incorporated herein by this reference

which real property is not used principally for agricultural or farming purposes, together with the rents, issues, and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits; together with, but not limited to, all buildings, structures, improvements and tenements now or hereafter erected or placed on the property, and all heretofore or hereafter vacated alleys, roads and streets abutting the

property, and all easements, access rights, appurtenances, rents (subject, however, to the assignment of rents to Beneficiary herein), royalties, parking, mineral, oil and gas rights and profits, all landscaping, crops, and water rights, pumps and pumping plants and water stock appurtenant to the property, and all shares of stock evidencing any of the above, and all vendor's or vendee's interests, lessor's or lessee's interests (subject, however, to the assignment of leases to Beneficiary), options to purchase, rights of first refusal or any other present or future interest contingent or vested interest in the property, including but not limited to any rights to future financing of the property, and any other right or interest whatsoever, real or personal, that Grantor may now possess or hereafter acquire in the property, and all tangible and intangible property of Grantor of every nature whatsoever now or hereafter located in or on, or used, or intended to be used, in connection with the property, including without limitation all goods, consumer goods, machinery, equipment, inventory, accounts (including accounts receivable and contract rights whether or not earned by performance), including but not limited to any rights to future financing of the property, fixtures (including trade fixtures), general intangibles, instruments and documents, and all other property described herein, whether now owned or hereafter acquired, and located at or used in connection with the premises described herein; and all accessions, parts, or additions to and all replacements of and substitutions for any of the property described in this Section; and all proceeds (including insurance proceeds) from the sale or other disposition of any of the property described in this Section; provided that by accepting a security in proceeds Beneficiary does not consent to sale or other disposition of any of the foregoing; all of which including replacements and additions thereto shall be deemed to be covered by this instrument; and all of the foregoing, together with said real property are herein referred to as the "property" or "Property".

This Deed of Trust is to secure to Beneficiary the repayment of that certain indebtedness in the principal sum of One Million, One Hundred Seventy Seven Thousand, Nine Hundred Ninety Four and 60/100 Dollars (\$1,177,994.60), with interest thereon (the "indebtedness" or the "Note"), providing for repayment of the indebtedness, on or before June 4, 2012, which is forty-eight (48) months after the Closing Date of the Real Estate Purchase and Sale Agreement ("Purchase Agreement"), as that term is defined therein; the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust; the performance of the covenants and agreements of Grantor herein contained; and the repayment of any and all sums advanced or expenditures made by Beneficiary subsequent to the execution of this Deed of Trust for the maintenance or preservation of the Property or advanced or expended by Beneficiary pursuant to any provision of this Deed of Trust subsequent to its execution, together with interest thereon.

Grantor covenants that Grantor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that Grantor will warrant and defend generally the title to the Property against all claims and demands, subject to any declarations, easements or restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring Beneficiary's interest in the Property.

Uniform Covenants. Grantor and Beneficiary covenant and agree as follows:

1. Payment of Principal and Interest. Grantor shall promptly pay when due the principal of and interest on the indebtedness evidenced by the Note, and default interest as provided in the Note, and secured by the first deed of trust and the mortgage.

A. Promissory Note. The entire principal balance of the Note, together with all accrued but unpaid interest, shall be paid within the earlier of (i) thirty (30) days after the sale of the final Lot in Phase II or (ii) forty-eight (48) months after Closing.

B. Project Funding.

a) Construction Funding. The Parties acknowledge that the Grantor intends to finance all or substantially all of the development activities of the Project through private or institutional funding transactions (collectively, or in any individual case, the "Construction Funding"). The Beneficiary agrees, upon the Grantor paying to the Beneficiary the sum of One Hundred Fifty Thousand and No/100 Dollars (\$150,000.00), which sum shall be applied to the balance owing on the Note, and upon Beneficiary's written approval of the terms and source of any Construction Funding, which approval shall not be unreasonably withheld by Beneficiary, to work with new construction lenders to subordinate its Deed of Trust in favor of this Construction Funding, provided the proceeds from this Construction Funding are then used exclusively to develop the Subdivision and/or to pay the amount required by the Beneficiary to subordinate its Deed of Trust. So as to minimize the Beneficiary's risk of re-payment, the Grantor agrees not to obtain, and Beneficiary will not subordinate to, any Construction Funding that exceeds \$1,800,000.00. In the event Grantor obtains Construction Funding in an amount that exceeds \$1,800,000.00, Beneficiary agrees to subordinate its Deed of Trust only to the portion of the Construction Funding that is less than or equal to \$1,800,000.00. Any Construction Funding beyond \$1,800,000.00 will have a priority subordinate to Beneficiary's Deed of Trust. To the extent that Beneficiary's Deed of Trust is subordinated, Beneficiary shall thereafter hold a second-priority security interest to the Construction Funding and to the Property until the Grantor makes final payment on the Note. In any event, and even if no portion of the Note is subordinated, Grantor shall pay the \$150,000.00 to Beneficiary at the time that Grantor obtains construction financing or by May 30, 2009, whichever occurs first. The Beneficiary's agreement to subordinate its Deed of Trust in the Real Property as described herein shall survive Closing. Grantor's use of Construction Funding proceeds for purposes other than for development of the Subdivision or for payment of the \$150,000 to Beneficiary shall be a default under the terms of the Note and Deed of Trust. Grantor's obtaining of Construction Funding in an amount greater than \$1,800,000.00 shall be a default under the terms of the Note and Deed of Trust. Grantor's failure to pay \$150,000 to Beneficiary when Grantor obtains construction financing or by May 30, 2009 shall be a default of the terms of the Note and Deed of Trust.

b) Additional Funding. The Parties further acknowledge that Grantor may refinance the Construction Loan ("Additional Funding"). Beneficiary agrees

that Grantor may obtain Additional Funding subject to the following terms: (1) Grantor must be current on all payments due and owing to Beneficiary; (2) Grantor agrees to pay Beneficiary twenty-two percent (22%) of the amount of the Additional Funding that is in excess of the current principal amount of the Construction Funding, less the closing costs associated with obtaining the Additional Funding. For example if the current principal amount of the Construction Funding is \$1,000,000.00 and Grantor refinances to obtain Additional Funding of \$1,400,000.00, and the closing costs required to obtain the Additional Funding are \$10,000.00, Grantor would pay Beneficiary 22% of \$390,000.00, this amount would be \$85,800.00. The amount paid to Beneficiary shall be applied to reduce the balance owed on the Note to Beneficiary; (3) Grantor must use any funds obtained through a refinancing of the Construction Funding exclusively to develop the Subdivision or to make payments to Beneficiary; (4) The interest rate on any Additional Funding must be less than 15%; (5) The combined amount of the Construction Funding and the Additional Funding ("Total Funding" or "Funding") must be less than \$1,800,000.00, as calculated in Section 1(B)(c) below; (6) The terms of the Additional Funding must provide for a thirty (30) year amortization and a balloon payment to be made within ten (10) years; and (7) The lender must be regarded in the community as reputable and is licensed to lend money in the State of Washington. The Beneficiary may, at its discretion, allow Grantor to obtain Additional Funding without meeting the above requirements. However, at no time shall the amount of Total Funding exceed \$1,800,000.00, as calculated in Section 1(B)(c) below.

c) The Beneficiary shall subordinate its Deed of Trust to any Funding on a pro-rated basis ("Pro-Rata Subordination"), provided that the Total Funding to be subordinated to shall never exceed \$1,800,000.00, as calculated in this Section 1(B)(c). The maximum amount of Funding that Beneficiary shall be obligated to subordinate to shall be an amount equal to the following formula: **\$1,800,000.00 – (\$24,300.00 multiplied by Lots Sold)**, where \$1,800,000 represents the original loan amount, \$24,300 represents the amount of the original loan divided by the original amount of collateral (74 lots), and Lots Sold is the number of lots sold. The collateral thus pro-rates at a rate of $(\$24,300 / \$1,800,000) = 1.35\%$. For example, if 20 lots have been sold, the maximum Funding that Beneficiary will subordinate to is \$1,314,000.00.

d) The following shall be considered a default under the terms of the Note and Deed of Trust:

- (1) Grantor's use of Additional Funding proceeds for purposes other than for development of the Subdivision or to make payments to Beneficiary;
- (2) Grantor's failure to pay to Beneficiary 22% of the amount of the Additional Funding that is in excess of the current principal of the Construction Financing, less closing costs associated with obtaining the additional funding;

(3) Any demand by Grantor that Beneficiary subordinate its Deed of Trust in a manner that is contrary to the Pro-Rata Subordination provision above;

(4) Grantor's acquisition of Total Funding in an amount greater than \$1,800,000.00. If Grantor does obtain Total Funding in amount greater than \$1,800,000.00, Grantor acknowledges that Beneficiary will not subordinate its Deed of Trust to any amount of Funding in excess of \$1,800,000.00.

e) Default by Grantor. Grantor agrees to immediately notify the Beneficiary of any default by Grantor as to any lender with a security interest in the Property that is in a position prior to Beneficiary's Deed of Trust. Beneficiary has the right to cure any such default, as further provided in the Deed of Trust attached hereto in Exhibit E. Grantor's failure to immediately notify the Beneficiary of any such default and to give Beneficiary the opportunity to cure will be a default by Grantor under the terms of the Note and Deed of Trust.

f) Notice to Lenders. Grantor hereby agrees to include all of the terms and conditions contained in this Section 1 in any loan agreements with lenders providing any Construction Funding or Additional Funding.

C. Release of Beneficiary's Interest in Lots. The parties acknowledge that Grantor intends to sell Subdivision lots and Beneficiary agrees to release its lien of the Deed of Trust for such lots as provided herein, provided that Grantor makes a good faith effort to sell each lot in an arms-length transaction. When Grantor proposes to sell Subdivision lots, Beneficiary shall sign, for good and valuable consideration, a Partial Reconveyance for each such lot in favor of Grantor. Grantor shall pay Beneficiary an amount set forth on the following schedule ("Lien Release Payment"), which payments shall be deposited with the escrow officer, transferred by Automated Clearing House ("ACH") to Beneficiary's checking account #124616-82 at IQ Credit Union, and applied to the balance owing to Beneficiary under the Note:

a) For Phase I, Grantor's payment of \$150,000 to Beneficiary pursuant to Section 1(B) above shall represent fair consideration for Beneficiary's release of the first fifteen (15) lots. After Beneficiary releases 15 lots, Grantor's Lien Release Payment per lot shall be the greater of (i) 10% of the gross purchase price of each lot thereafter released, or (ii) \$10,000.

b) For Phase II, Grantor's Lien Release Payment per lot shall be the greater of (i) 20% of the gross purchase price of each lot released, or (ii) \$20,000.

c) For Phase III, Grantor's Lien Release Payment per lot shall be the greater of (i) 30% of the gross purchase price of each lot released, or (ii) \$30,000.

Borrower's failure to make a Lien Release Payment for each lot sold will be a

default under the terms of the Note and this Deed of Trust.

2. Lot 2/Phase IV Property. Beneficiary shall retain Lot 2 of the Feliz Short Plat, also known as Phase IV of the Subdivision, which real property is more particularly described in Exhibit "B" (hereafter referred to as "Lot 2 of Feliz Short Plat") which is attached to and incorporated herein by this reference. Beneficiary has granted easements in favor of Grantor over Lot 2 of the Feliz Short Plat that are necessary to afford Grantor reasonable access for utilities, ingress, and egress to Lot 1 of the Feliz Short Plat (also known as Phases I through III of the Subdivision). Similarly, Grantor has granted easements over Lot 1 of the Feliz Short Plat so as to provide Beneficiary reasonable access, ingress, and egress to Lot 2 of the Feliz Short Plat.

3. Lots 39, 40 and 41 in Phase II. Grantor and Beneficiary will, in good faith, work together to obtain approval by any lender of the conveyance of and a release of any encumbrance on Lots 39, 40 and 41 in Phase II. Within seven (7) days of the final plat approval of Phase II of the Chinidere Mountain Estates Subdivision and the approval of any lenders of the conveyance of Lots 39, 40 and 41, Grantor (or any of Grantor's successors and assigns) shall convey back to Beneficiary Lots 39, 40, and 41 free of any liens, mortgages, deeds of trust, or other encumbrances. Notwithstanding the above, Grantor shall convey back unencumbered Lots 39, 40 and 41 to Beneficiary no later than the date that 80% of the Lots in Phase II have been sold. The parties will split any administrative cost incurred by the lender(s) to sign any required releases. Grantor's failure to timely convey back Lots 39, 40 and 41 in Phase II to Beneficiary free of any encumbrances as described in this section shall be a default under the terms of this Note and Deed of Trust. The parties authorize the Escrow Holder to insert/correct the legal description for the real property that will become Lots 39, 40 and 41 in Phase II as **Exhibit "C"** to this Deed of Trust. When Grantor conveys Lots 39, 40 and 41 back to Beneficiary, Beneficiary agrees to grant any easements in favor of Grantor over Lots 39, 40 and 41 that are necessary to afford Grantor reasonable access, ingress, and egress to Lot 1 of the Feliz Short Plat (except for Lots 39, 40 and 41 in Phase II). Similarly, Grantor agrees to grant easements over Lot I of the Feliz Short Plat (except for Lots 39, 40 and 41 in Phase II) so as to provide Beneficiary reasonable access, ingress, and egress to Lots 39, 40 and 41 in Phase II.

4. Final Subdivision and Plat Approval. Grantor has assumed the obligation to obtain final subdivision approval for Chinidere Mountain Estates. Beneficiary shall assume the obligation to obtain final plat approval of Phase IV.

5. Taxes and Assessments. Grantor shall pay before delinquent all lawful taxes and assessments on the Property and keep the Property free and clear of all other charges, liens, or encumbrances impairing the security of this Deed of Trust. Notwithstanding the foregoing and as further specified in Section 5 below, Grantor may contest any tax, provided Beneficiary's interest in the Property is not jeopardized.

6. Insurance. Grantor shall keep the improvements now existing or hereafter erected on the Property both during the course of construction and thereafter insured under an original fire and

extended coverage insurance policy insured against loss, damage or destruction by fire and other casualty, including theft, vandalism and malicious mischief, flood (for the Property which is in a location designated by the Federal Emergency Management Administration as a Special Flood Hazard Area), boiler explosion (for the Property with a boiler), plate glass breakage, sprinkler damage (for the Property which has a sprinkler system), all matters covered by a "Special Form" policy, with a standard extended coverage endorsement, and such other risks as Beneficiary may reasonably require, insuring the Property for not less than 100% of their full insurable replacement cost.

Unless Beneficiary and Grantor otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible and the security of this Deed of Trust is not thereby impaired. If such restoration or repair is not economically feasible or if the security of this Deed of Trust would be impaired, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Grantor. If the Property is abandoned by Grantor, or if Grantor fails to respond to Beneficiary within thirty (30) days from the date notice is mailed by Beneficiary to Grantor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

Unless Beneficiary and Grantor otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the monthly installments or the balloon payment referred to in the Note or change the amount of in and to any insurance policies.

In addition to the hazard insurance above provided for, Grantor agrees to obtain and maintain throughout the entire term of this loan, liability insurance naming both the Grantor and Beneficiary as named insureds in an amount of not less than One Million and No/100 Dollars (\$1,000,000.00).

All insurance policies and renewals thereof shall be in form reasonably acceptable to Beneficiary and shall include a standard mortgage clause in favor of and in form acceptable to Beneficiary. Beneficiary shall have the right to hold a copy of the policies and renewals thereof, and Grantor shall promptly furnish to Beneficiary copies of all renewal notices and all receipts of paid premiums. Grantor shall name Chinidere, LLC as a co-insured on all insurance policies under this section. Grantor agrees to obtain the insurance policies under this section prior to the time that it commences development of the subdivision. Grantor shall continuously maintain and keep current all policies required by this section during on-site development. In the event of loss, Grantor shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by Grantor.

Copies of certificates evidencing all such insurance and copies of such certificates bearing endorsements requiring thirty (30) days' written notice to the Beneficiary prior to any change or cancellation shall be furnished to the Beneficiary by the Grantor to the Beneficiary's address provided herein.

7. Preservation and Maintenance of Property. Grantor shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property.

8. Protection of Beneficiary's Security. If Grantor fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding which materially affects Beneficiary's interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Beneficiary at Beneficiary's option, upon notice to Grantor, may make such appearances, disburse such sums and take such action as is necessary to protect Beneficiary's interest, including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs.

Any amounts disbursed by Beneficiary pursuant to this Section 5, with interest thereon, shall become additional indebtedness of Grantor secured by this Deed of Trust. Unless Grantor and Beneficiary agree to other terms of payment such amounts shall be payable upon notice from Beneficiary to Grantor requesting payment thereof, and shall bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law. Nothing contained in this Section 5 shall require Beneficiary to incur any expense or take any action hereunder.

Grantor may, at its expense and after prior notice to Beneficiary, contest by appropriate legal, administrative, or other proceedings conducted in good faith and with due diligence, the amount, validity, or application, in whole or in part, of any Imposition or lien on the Trust Property or any claim of any laborer, materialman, supplier, or vendor or lien, and may withhold payment of the same pending completion of such proceedings if permitted by law, provided that (a) such proceedings shall suspend collection from the Property; (b) no part of or interest in the Property will be sold, forfeited, or lost if Grantor pays the amount or satisfies the condition being contested, and Grantor would have the opportunity to do so in the event of Grantor's failure to prevail in the contest; (c) neither Beneficiary nor Trustee shall, by virtue of such permitted contest, be exposed to any risk of liability for which Grantor has not furnished additional security as provided in clause (d) below; and (d) Grantor shall have furnished to Beneficiary cash, corporate surety bond, or other additional security in respect of the claim being contested or the loss or damage that may result from Grantor's failure to prevail in such contest in an amount sufficient to discharge the Imposition and all interest, costs, attorney fees, and other charges that may accrue in connection with the Imposition. Grantor shall promptly satisfy any final judgment.

9. Inspection. Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property, provided that Beneficiary shall give Grantor notice prior to any such inspection specifying reasonable cause therefore related to Beneficiary's interest in the Property.

10. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance

in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary to the extent specified below.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Grantor. In the event of a partial taking of the Property, unless Grantor and Beneficiary otherwise agree in writing, there shall be applied to the sums secured by this Deed of Trust such proportion of the proceeds as is equal to that proportion which the amount of the sums secured by this Deed of Trust immediately prior to the date of taking bears to the fair market value of the Property immediately prior to the date of taking with the balance of the proceeds paid to Grantor.

If the Property is abandoned by Grantor, or if, after notice by Beneficiary to Grantor that the condemnor offers to make an award or settle a claim for damages, Grantor fails to respond to Beneficiary within thirty (30) days after date such notice is mailed, Beneficiary is authorized to collect and apply the proceeds, at Beneficiary's option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

Unless Beneficiary and Grantor otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the annual installments referred to in the Note or change the amount of such installments.

11. Grantor Not Released. Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Grantor shall not operate to release, in any manner, the liability of the original Grantor and Grantor's successors in interest. Beneficiary shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Grantor and Grantor's successors in interest.

12. Forbearance by Beneficiary Not a Waiver. Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise, afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Beneficiary shall not be a waiver of Beneficiary's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

13. Remedies Cumulative. All remedies provided in this Deed of Trust are distinct and cumulative to any other right or remedy under this Deed of Trust or afforded by law or equity, and may be exercised concurrently, independently or successively.

14. Successors and Assigns Bound; Joint and Several Liability; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Beneficiary and Grantor, subject to the provisions of Section 14 hereof. All covenants and agreements of Grantor shall be joint and several. The captions and headings of the

sections of this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

15. Notice. Except for any notice required under applicable law to be given in another manner, (a) any notice to Grantor provided for in this Deed of Trust shall be given by mailing such notice by certified mail addressed to Grantor at the Grantor's address stated herein or at such other address as Grantor may designate by notice to Beneficiary as provided herein, and (b) any notice to Beneficiary shall be given by certified mail, return receipt requested, to Beneficiary's address stated herein or to such other address as Beneficiary may designate by notice to Grantor as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to Grantor or Beneficiary when given in the manner designated herein.

16. Grantor's Copy. Grantor shall be furnished a conformed copy of the Note and of this Deed of Trust at the time of execution or after recordation hereof.

17. Transfer of the Property; Assumption. If all or any part of the Property or an interest therein is sold, assigned, conveyed, encumbered or transferred by Grantor without Beneficiary's prior written consent, which shall not be unreasonably withheld, delayed or conditioned, excluding (a) the creation of a purchase money security interest for household appliances, (b) a transfer by devise, descent or by operation of law upon the death of a joint tenant or a transfer by conveyance to a wholly owned entity(ies) of the Grantor, (c) the grant of any leasehold interest of three years or less not containing an option to purchase, (d) Grantor's sale of lots as described in Section 1(C) above, provided Beneficiary, in consideration for the Lien Release Payment, signs a Partial Reconveyance of Deed of Trust for each lot sold, or (e) Grantor's reconveyance of any portion of the Subdivision, including Lots 39, 40 and 41 in Phase II of the Subdivision, back to Beneficiary. Beneficiary may, at Beneficiary's option, declare all the sums secured by this Deed of Trust to be immediately due and payable. Beneficiary shall have waived such option to accelerate if, prior to the sale or transfer, Beneficiary and the person to whom the Property is to be sold or transferred reach agreement in writing that the credit of such person is satisfactory to Beneficiary and that the interest payable on the sums secured by this Deed of Trust shall be at such rate as Beneficiary shall request. If Beneficiary has waived the option to accelerate provided in this Section 14, and if the Grantor's successor in interest has executed a written assumption agreement accepted in writing by Beneficiary, Beneficiary may choose to release Grantor from all obligations under this Deed of Trust and the Note.

If Beneficiary exercises such options to accelerate, Beneficiary shall mail Grantor notice of acceleration in accordance with Section 12 hereof. Such notice shall provide a period of not less than thirty (30) days from the date the notice is mailed within which Grantor may pay the sums declared due. If Grantor fails to pay such sums prior to the expiration of such period, Beneficiary may, without further notice or demand on Grantor, invoke any remedies permitted by Section 17 hereof.

18. Non-Uniform Covenants. Grantor and Beneficiary further covenant and agree as follows:

Grantor agrees to complete any building, structure, or improvement being built or about to be built thereon; to restore promptly in a good and workmanlike manner any building, structure or improvement thereon or portion thereof that may be damaged or destroyed to the equivalent of its original condition, reasonable wear and tear excepted, or such other condition as Beneficiary may approve in writing, in the event of any damage, injury or loss thereto, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair; to perform all repairs and maintenance of the Property which has heretofore been deferred or neglected; to keep the Property, including, without limitation, improvements, fixtures, goods, equipment, machinery, goods and appliances thereon in good repair and shall replace fixtures, equipment, machinery, and appliances on the Property when necessary to keep such items in good repair; and to comply with all laws, ordinances, regulations, covenants, conditions, restrictions and requirements of any governmental body, federal, state and/or local, applicable to the use or occupancy of the Property, including compliance with all environmental, safety and health laws, regulations and ordinances, and will hold Beneficiary harmless against any violations thereof; to not commit, suffer or permit any act upon said Property in violation of law, including the introduction, generation, manufacture, refinement, transportation, treatment, storage, handling or the disposal of hazardous substances (as defined herein) into, onto, or under the Property (notwithstanding the foregoing, Grantor may use hazardous substances incidental to the operation of its business); to cultivate, irrigate, fertilize, prune and do all other acts which from the character or use of the Property may be reasonably necessary, the specific enumeration herein not excluding the general; to generally operate and maintain the Property in a manner to ensure maximum rentals (if applicable); and to give notice in writing to Beneficiary of and, unless otherwise directed in writing to Beneficiary, appear in and defend any action or proceedings purporting to affect the Property, the security of this instrument, or the rights or powers of Beneficiary. The term "Hazardous Substances" is used in its broadest sense and refers to any material which, because of its quality, concentration, or physical, chemical, or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, or otherwise handled. "Hazardous Substances" shall mean any toxic or hazardous substance, material or waste, or any pollutant or contaminate, or infectious or radioactive material, including but not limited to those substances, materials or wastes regulated now or in the future under any federal, state, or municipal statutes or regulations, and any and all of those substances included within the definition of "hazardous substances," "hazardous materials," "hazardous waste," "hazardous chemical substance or mixture," "imminently hazardous chemical substance or mixture," "toxic substances," "hazardous air pollutant," "toxic pollutant," or "solid waste" in the said statutes or regulations. Hazardous substances shall also mean any and all other similar terms defined in any federal, state, and local laws, statutes, regulations, orders or rules ("Environmental Law"), and materials and waste which are, or in the future become, regulated under applicable local, state, or federal law for the protection of health or the environment, or which are classified as hazardous or toxic substances, materials or waste, pollutants or contaminants, as defined, listed or regulated by any federal, state or local law, regulation or order or by common law decision, including, without limitation, (i) trichloroethylene, tetrachloroethylene, perchloroethylene and other chlorinated solvents, (ii) any petroleum products or

fractions thereof, (iii) asbestos, (iv) polychlorinated biphenyls, (v) flammable explosives, (vi) urea formaldehyde, and (vii) radioactive materials and waste.

Neither Grantor nor any tenant or other person shall remove, demolish or alter any improvement now existing or hereafter erected on the Property or any fixture, equipment, machinery, or appliance in or on the Property except when incident to the replacement of fixtures, equipment, machinery, and appliances with items of like kind. "Improvements" shall include all existing and future buildings, structures, parking facilities and other improvements.

19. This instrument is intended to be a security agreement pursuant to the Uniform Commercial Code for any part of the Property which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and Grantor hereby grants Beneficiary a security interest in said items and all tangible and intangible personal property of Grantor on or related to the Property, including without limitations all machinery, equipment, appliances, vehicles, shrubbery and landscaping, construction materials and supplies, improvements, inventory, accounts (including accounts receivable and contract rights whether or not earned by performance) including any rights to future financing of the Property, furniture, fixtures (including trade fixtures), all right to take and use the name by which the Property is commonly known, and the good will of Grantor used in connection therewith, and the right to manage and operate the Property under any such name and variance thereof, general intangibles, instruments, documents, and consumer goods, whether now owned or existing or hereafter created or acquired and attached to, forming a part of, located at, or used in connection with the construction, completion, maintenance, repair, reconstruction, alteration, operation, use or occupancy of the premises described herein; and any improvements now or hereafter located thereon, and all property of like kind or type hereafter acquired by Grantor in substitution or replacement thereof; all tools, accessories, equipment, accessions, parts, or additions to and all replacements of and substitution now in, attached to, or which hereafter at any time be placed in or added to said Property or any portion thereof and owned by Grantor, including all after-acquired property and replacements; all proceeds (including condemnation awards, tort claims and insurance proceeds) from the sale or other disposition of any of the Property described in the preceding subparagraphs; provided that by accepting a security interest in proceeds Beneficiary does not consent to sale or other disposition of any of the foregoing; and all of Grantor's plans, specifications, drawings, surveys, tests, studies, licenses, permits, forms, leases, construction contracts, purchase orders, inventory, goods, contracts, contract rights, options subscriptions, general intangibles, chattel paper, instruments, documents, choses in action, royalties, patents, copyrights, trademarks, rents, issues, profits, return premiums and tax refunds arising from or in any manner connected with said real and personal property, and all accessions and additions thereto and substitutions, replacements, modifications, products, and proceeds thereof.

Grantor shall give advance notice in writing to Beneficiary of any proposed change in Grantor's name, identity or structure and shall execute and deliver to Beneficiary, prior to or concurrently with the occurrence of any such change, all additional financing statements that Beneficiary may reasonably require to establish and maintain the validity and priority of Beneficiary's security interest with respect to any of the property described or referred to herein.

Some of the items of the property described herein are goods that are or are to become fixtures relating to the Property, and it is intended that, as to these goods, this instrument shall be effective as a financing statement filed as fixture filing from the date of its filing for record in the real estate records of the county in which the property is situated. Information concerning the security interest created by this instrument may be obtained from Beneficiary, as secured party, at the address of Beneficiary stated above. The mailing address of Grantor, as debtor, is as stated above.

Grantor agrees that Beneficiary may file this instrument, or a reproduction hereof, in the real estate records or other appropriate index, as a financing statement for any of the items specified above as part of the Property. Any reproduction of this instrument or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Grantor agrees to execute and deliver to Beneficiary, upon Beneficiary's reasonable request, any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this instrument in such form as Beneficiary may require to perfect a security interest with respect to said items. Grantor shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements Beneficiary may reasonably require.

20. Acceleration; Remedies. Upon Grantor's breach of any covenant or agreement of Grantor in this Deed of Trust, including the covenants to pay when due any sums secured by this Deed of Trust, Beneficiary prior to acceleration shall mail notice to Grantor as provided in Section 12 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than thirty (30) days from the date the notice is mailed to Grantor, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Grantor of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Grantor to acceleration and sale. If the breach is not cured on or before the date specified in the notice, Beneficiary at Beneficiary's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 17, including, but not limited to, reasonable attorneys' fees.

If Beneficiary invokes the power of sale, Beneficiary shall execute or cause Trustee to execute a written notice of occurrence of an event of default and of Beneficiary's election to cause the Property to be sold, and shall cause such notice to be recorded in each county in which the Property or some part thereof is located. Beneficiary or Trustee shall give notice of sale in the manner prescribed by applicable law to Grantor and to the other persons prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Grantor, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Property by public announcement at

the time and place of any previously scheduled sale. Beneficiary or Beneficiary's designee may purchase the Property at any sale.

Trustee shall deliver to the Grantor Trustee's deed conveying the Property so sold without any covenant or warranty expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorney's fees and costs of title evidence; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person or persons legally entitled thereto.

21. Hazardous Substances. Grantor warrants and represents that it has not received any notice of a violation of any law, regulation or ordinance relating to hazardous or toxic substances nor incurred any previous liability therefore and will not permit any lien relating to hazardous or toxic substances to attach to the Property.

Grantor agrees to promptly notify Beneficiary (a) upon becoming aware of any use, storage or release of hazardous or toxic substances under, from or about the Property, (b) of any proceeding, inquiry or notice from any governmental authority with respect to the use or presence of any hazardous or toxic substances on the Property or the migration thereof to or from other property, (c) of all claims made or threatened by any third party against Grantor or the Property relating to loss or injury from any hazardous or toxic substances, (d) upon discovery of any occurrence or condition on any property adjoining or in the immediate vicinity of the Property that could cause the Property to be subject to restrictions on ownership, occupancy, transferability or use under any Environmental Law, and (e) upon obtaining knowledge of any incurrence of expense by a governmental authority or others in connection with the assessment, containment or removal of any hazardous or toxic substances located on, under, from or about the Property or any property adjoining or in the immediate vicinity of the Property. During the term of the Note or extensions thereof, Beneficiary shall have the right to inspect the Property for the presence of hazardous or toxic substances, and shall have the right, but not the obligation, to join in and participate in any legal proceedings or actions initiated in connection therewith.

If, during the term of the Note or extensions thereof, hazardous or toxic substances are discovered on the Property in violation of any hazardous or toxic waste law, regulation or ordinance, Grantor shall at its sole expense remove the same from the Property and underlying groundwater in accordance with the requirements of the appropriate governmental authority. If the hazardous or toxic substances are not removed within ninety (90) days of discovery, or such earlier time as required by a governmental agency, then Beneficiary shall have the right, but not the obligation, to do so or to declare a default hereunder, unless the appropriate governmental authority has ordered a slower timetable for removal of the hazardous or toxic substances. In such a case, Grantor shall timely comply with any such timetable.

All costs incurred by Beneficiary relating to the existence, presence and/or release of hazardous or toxic substances shall be immediately due and payable upon demand and such sums

shall be added to the indebtedness and bear interest at the default rate from date of payment until repaid. Grantor shall hold harmless and indemnify Beneficiary, its successors, assigns, officers, directors, employees and agents, both before and after Grantor's transfer of ownership of the Property or foreclosure, against any claim, liability, loss, damage or expense arising out of arising out of the presence, existence and/or release of hazardous substances and against all such related loss, damage, including all foreseeable and unforeseeable consequential damages, liability, cost and expense, including without limitation all investigation and clean-up costs, fines, fees for consultants and reasonable fees for attorneys employed in connection with the investigation, assessment, containment or removal of any hazardous or toxic substance on, under or about the Property. This indemnity is intended to be operable under 42 U.S.C. 9607(e)(1), and any successor section thereof, and shall survive the release and reconveyance of this Deed of Trust, whether by payment of the indebtedness, foreclosure or deed-in-lieu of foreclosure.

22. Grantor's Right to Reinstate. Notwithstanding Beneficiary's acceleration of the sums secured by this Deed of Trust, Grantor shall have the right to have any proceedings begun by Beneficiary to enforce this Deed of Trust discontinued at any time prior to the earlier to occur of (i) the eleventh day before sale of the Property pursuant to the power of sale contained in this Deed of Trust or (ii) entry of a judgment enforcing this Deed of Trust if: (a) Grantor pays Beneficiary all sums which would be then due under this Deed of Trust and the Note had no acceleration occurred; (b) Grantor cures all breaches of any other covenants or agreements of Grantor contained in this Deed of Trust; (c) Grantor pays all reasonable expenses incurred by Beneficiary and Trustee in enforcing the covenants and agreements of Grantor contained in this Deed of Trust and in enforcing Beneficiary's and Trustee's remedies as provided in Section 17 hereof, including, but not limited to, reasonable attorney's fees; and (d) Grantor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's interest in the Property and Grantor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Grantor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

23. Assignment of Rents; Appointment of Receiver; Beneficiary in Possession. Grantor hereby assigns to Beneficiary the rents of the Property, provided that Grantor shall, prior to acceleration under Section 17 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.

Upon acceleration under Section 17 hereof or abandonment of the Property, Beneficiary, in person, by agent or by judicially appointed receiver, shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by Beneficiary or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Deed of Trust. Beneficiary and the receiver shall be liable to account only for those rents actually received.

24. Reconveyance. Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

25. Substitute Trustee. In accordance with applicable law, Beneficiary may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

26. Use of Property. The Property is not currently used for agricultural, timber or grazing purposes. Unless required by applicable law or unless Beneficiary has otherwise agreed in writing, Grantor shall not allow changes in the use for which all or any part of the Property was intended at the time this instrument was executed.

27. Attorneys' Fees. As used in this Deed of Trust and in the Note, "attorneys' fees" shall include attorneys' fees, if any, which shall be awarded by an appellate court.

28. Indemnification. In addition to any other indemnifications provided herein, Grantor shall, at its sole cost and expense, protect, defend, indemnify, release and save harmless Beneficiary, Trustee, as well as the directors, officers, shareholders, members, partners, employees, agents, servants, representatives, contractors, subcontractors, successors and assigns of any and all of the foregoing (collectively, the "Indemnified Parties"), from and against all liabilities, obligations, claims, demands, damages, penalties, causes of action, losses, fines, costs and expenses (including without limitation reasonable attorneys' fees and expenses), imposed upon or incurred by or asserted against any of the Indemnified Parties and directly or indirectly arising out of or in any way relating to any one or more of the following: (a) ownership of this Trust Deed, the Property or any interest therein; (b) any amendment to, or restructuring of, the Indebtedness, the Note, or this Trust Deed; (c) any and all lawful action that may be taken by Beneficiary or Trustee in connection with the enforcement of the provisions of this Trust Deed or the Note, whether or not suit is filed in connection with same, or in connection with Grantor or any Guarantor becoming a party to a voluntary or involuntary federal or state bankruptcy, insolvency or similar proceeding; (d) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (e) any failure on the part of Grantor to perform or comply with any of the terms of this Trust Deed; (f) performance of any labor or services or the furnishing of any materials or other property in respect of the Property or any part thereof; (g) any failure of the Property to comply with any laws or ordinances affecting or which may be interpreted to affect the Property; or (h) any representation or warranty made in the Note or this Trust Deed being false or misleading in any respect as of the date such representation or warranty was made. The obligations and liabilities of Grantor under this Section 25 (A) shall survive for a period of two (2) years following any release of this Deed of Trust executed by Beneficiary and satisfaction of the Note, and (B) shall survive the transfer or assignment

of this Deed of Trust, the entry of a judgment of foreclosure, sale of the Property by nonjudicial foreclosure sale, or delivery of a deed in lieu of foreclosure (including, without limitation, any transfer by Grantor of any of its rights, title and interest in and to the Property to any party, whether or not affiliated with Grantor); provided, however, that any act or omission pursuant to subparagraphs (a) through (h) above was taken or occurred prior to the payment in full of the Indebtedness.

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IN WITNESS WHEREOF, Grantor has executed this Deed of Trust the day and year first above written.

GRANTOR:

REGAL- A LAND ACQUISITION &
DEVELOPMENT LLC

By: 
Rick Leavitt

Its: MEMBER

Dated: 5/30/08

By: Gary Albers
Gary Albers

Its: member

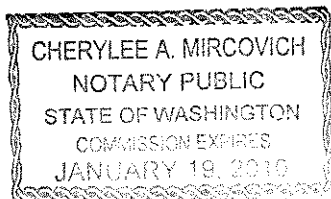
Dated: 5/20/98

ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss
County of Clark)

I certify that I know or have satisfactory evidence that Rick Leavitt is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the member of REGAL- A LAND ACQUISITION & DEVELOPMENT LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 30th day of May, 2008.



Notary Public
Printed Name: Cheryl A. Miranich
Residing at: Vancouver
My Appointment Expires: 4/9/2010

ACKNOWLEDGMENT

STATE OF WASHINGTON)

:SS

County of Clark)

I certify that I know or have satisfactory evidence that Gary Albers is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Member of REGAL- A LAND ACQUISITION & DEVELOPMENT to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 30th day of May, 2008.

Cherylee A Mircovich

Notary Public

Printed Name: Cherylee A Mircovich

Residing at: Vancouver

My Appointment Expires: 1/19/2010

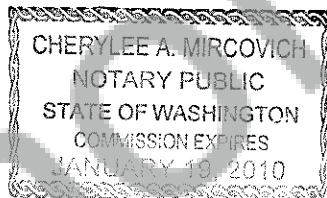


EXHIBIT A

Legal Description of Lot 1 of the Feliz Short Plat
(Also known as Phases I-III of the Subdivision)

Lot 1 of FELIZ SHORT PLAT, recorded under Auditor's File No.

2008170088, records of Skamania County, Washington.

Unofficial
Copy

EXHIBIT B

Legal Description of Lot 2 of the Feliz Short Plat
(Also known as Phase IV of the Subdivision)

Lot 2 of FELIZ SHORT PLAT, recorded under Auditor's File No.

2008170088, records of Skamania County, Washington.

EXHIBIT C

Legal Description of Lots 39, 40 and 41 in Phase II of Subdivision

Legal Description does not exist at this time. Document will be re-recorded once Legal Description becomes available.

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