

WHEN RECORDED MAIL TO:

First Republic Bank
111 Pine Street
San Francisco, CA 94111

ATTENTION: LOAN REVIEW DEPARTMENT

FRB Loan #: **14-446862-5**

ESCROW/CLOSING #: **50-460759-DP**

PARCEL I.D.#: **03-10-21-3-0-0701-00**

Abbreviated Legal:
LOT 3 & E 40' OF LOT 4
GOSNELL VIEW TRACTS

SCR 30779

[SPACE ABOVE THIS LINE FOR RECORDER'S USE]

**CONSTRUCTION AND PERMANENT
DEED OF TRUST AND FIXTURE FILING**

THIS CONSTRUCTION AND PERMANENT DEED OF TRUST AND FIXTURE FILING ("Security Instrument") is made on **December 5, 2008** The Grantor is **Vista Ridge Group, L.L.C., an Oregon limited liability company**

("Grantor").

The trustee is **Fidelity National Title Insurance Company** ("Trustee").

The beneficiary is **First Republic Bank, a Division of Merrill Lynch Bank & Trust Co., FSB**
which is organized and existing under the laws of **the United States**, and
whose address is **111 Pine Street, San Francisco, CA 94111** ("Beneficiary").

Borrower owes Lender the principal sum of **Six Hundred Thirty Thousand and No/100 ----**

Dollars

(U.S. \$ **630,000.00**). This debt is evidenced by Grantor's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on the "Maturity Date" referred to in the Construction Rider attached hereto or as subsequently certified in a supplement to this Security Instrument which is executed by Beneficiary and recorded in the Official Records of the County where the property described below is located. This Security Instrument secures to Beneficiary: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest advanced under paragraph 7 below to protect the security of this Security Instrument; and (c) the performance of Grantor's covenants and agreements under this Security Instrument and the Note. For this purpose, Grantor irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in **SKAMANIA** County, Washington:

SEE EXHIBIT "A" ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.

which has the address of **32 Gosnell Road, Underwood, WA 98651**

("Property Address")

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

GRANTOR COVENANTS that Grantor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Grantor warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Grantor and Beneficiary covenant and agree as follows:

1. Payment of Principal and Interest; Prepayment and Late Charges.

Grantor shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. Funds for Taxes and Insurance.

Subject to applicable law and as may be required by Beneficiary, Grantor shall pay to Beneficiary on the day monthly payments are due under the Note until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Grantor to Beneficiary, in accordance with the provisions of paragraph 8 below in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Beneficiary may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Grantor's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. Section 2601 et seq. ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Beneficiary may at any time, collect and hold Funds in an amount not to exceed the lesser amount. Beneficiary may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Beneficiary, if Beneficiary is such an institution) or in any Federal Home Loan Bank. Beneficiary shall apply the Funds to pay the Escrow Items. Beneficiary may not charge Grantor for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Beneficiary pays Borrower interest on the Funds and applicable law permits Beneficiary to make such a charge. However, Beneficiary may require Grantor to pay a one-time charge for an independent real estate tax reporting service used by Beneficiary in connection with this loan unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Beneficiary shall not be required to pay Grantor any interest or earnings on the Funds. Grantor and Beneficiary may agree in writing, however, that interest shall be paid on the Funds. Beneficiary shall give to Grantor, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. Grantor hereby grants to Beneficiary a Security Interest in the Funds and the Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Beneficiary exceed the amount permitted to be held by applicable law, Beneficiary shall account to Grantor for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Beneficiary at any time is not sufficient to pay the Escrow Items when due, Beneficiary may so notify Grantor in writing, and, in such case Grantor shall pay to Beneficiary the amount necessary to make up the deficiency. Grantor shall make up the deficiency in no more than twelve monthly payments, at Beneficiary's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, Beneficiary shall promptly refund to Grantor any Funds held by Beneficiary. If, under paragraph 21 below, Beneficiary shall acquire or sell the Property, Beneficiary, prior to the acquisition or sale of the Property, shall apply any Funds held by Beneficiary at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

3. Application of Payments.

Unless applicable law provides otherwise, all payments received by Beneficiary under paragraphs 1 and 2 above shall be applied: first, to any prepayment charges due under the Note; second, to amounts payable under paragraph 2 above; third, to interest due; fourth, to principal due; and last, to any late charges due under the Note.

4. Charges; Liens.

Grantor shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Grantor shall pay these obligations in the manner provided in paragraph 2 above, or if not paid in that manner, Grantor shall pay them on time directly to the person owed payment. Grantor shall promptly furnish to Beneficiary all notices of amounts to be paid under this paragraph. If Grantor makes these payments directly, Grantor shall promptly furnish to Beneficiary receipts evidencing the payments.

Grantor shall promptly discharge any lien which has priority over this Security Instrument unless Grantor: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Beneficiary; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Beneficiary's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Beneficiary subordinating the lien to this Security Instrument. If Beneficiary determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Beneficiary may give Grantor a notice identifying the lien. Grantor shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

5. Hazard or Property Insurance.

Grantor shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Beneficiary requires insurance. This insurance shall be maintained in the amounts and for the periods that Beneficiary requires. The insurance carrier providing the insurance shall be chosen by Grantor subject to Beneficiary's approval which shall not be unreasonably withheld. If Grantor fails to maintain coverage described above, Beneficiary may, at Beneficiary's option, obtain coverage to protect Beneficiary's rights in the Property in accordance with paragraph 7 below.

All insurance policies and renewals shall be acceptable to Beneficiary and shall include a standard mortgage clause. Beneficiary shall have the right to hold the policies and renewals. If Beneficiary requires, Grantor shall promptly give to Beneficiary all receipts of paid premiums and renewal notices. 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.

Unless Beneficiary and Grantor otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Beneficiary's security is not lessened. If the restoration or repair is not economically feasible or Beneficiary's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Grantor. If Grantor abandons the Property, or does not answer within 30 days a notice from Beneficiary that the insurance carrier has offered to settle a claim, then Beneficiary may collect the insurance proceeds. Beneficiary may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Beneficiary and Grantor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 above or change the amount of the payments. If under paragraph 21 below the Property is acquired by Beneficiary, Grantor's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Beneficiary to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. Occupancy, Preservation, Maintenance and Protection of the Property; Grantor's Loan Application; Leaseholds.

Grantor shall occupy, establish, and use the Property as Grantor's principal or secondary residence within sixty days after the "Permanent Loan Commencement Date" referred to in the Construction Rider attached hereto and shall continue to occupy the Property as Grantor's principal or secondary residence for at least one year after the date of occupancy, unless Beneficiary otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Grantor's control. Grantor shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Grantor shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Beneficiary's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Beneficiary's security interest. Grantor may cure such a default and reinstate, as provided in paragraph 18 below, by causing the action or proceeding to be dismissed with a ruling that, in Beneficiary's good faith determination, precludes forfeiture of the Grantor's interest in the Property or other material impairment of the lien created by this Security Instrument or Beneficiary's security interest. Grantor shall also be in default if Grantor, during the loan application process, gave materially false or inaccurate information or statements to Beneficiary (or failed to provide Beneficiary with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Grantor's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Grantor shall comply with all provisions of the lease. If Grantor acquires fee title to the Property, the leasehold and the fee title shall not merge unless Beneficiary agrees to the merger in writing.

7. Protection of Beneficiary's Rights in the Property.

If Grantor fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Beneficiary's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Beneficiary may do and pay for whatever is necessary to protect the value of the Property and Beneficiary's rights in the Property. Beneficiary's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Beneficiary may take action under this paragraph 7, Beneficiary does not have to do so.

Any amounts disbursed by Beneficiary under this paragraph 7 shall become additional debt of Grantor secured by this Security Instrument. Unless Grantor and Beneficiary agree to other terms of payment, these amounts all bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Beneficiary to Grantor requesting payment.

8. Mortgage Insurance.

If Beneficiary required mortgage insurance as a condition of making the loan secured by this Security Instrument, Grantor shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Beneficiary lapses or ceases to be in effect, Grantor shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Grantor of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Beneficiary. If substantially equivalent mortgage insurance coverage is available, Grantor shall pay to Beneficiary each month a sum equal to one-twelfth of the yearly mortgage insurance premiums being paid by Grantor when the insurance coverage lapsed or ceased to be in effect. Beneficiary will accept or retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve payments may no longer be accepted, at the option of Beneficiary, if mortgage insurance coverage (in the amount and for the period that Beneficiary requires) provided by an insurer approved by Beneficiary again becomes available and is obtained. Grantor shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance terminates in accordance with any written agreement between Grantor and Beneficiary or applicable law.

9. Inspection.

Beneficiary or its agent may make reasonable entries upon and inspection of the Property. Beneficiary shall give Grantor notice at the time of or prior to inspection specifying reasonable cause for the inspection.

10. Condemnation.

The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Grantor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Grantor and Beneficiary otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property before the taking. Any balance shall be paid to Grantor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Grantor and Beneficiary otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

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 30 days after the date the notice is given, Beneficiary is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Beneficiary and Grantor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 above or change the amount of such payments.

11. Borrower Not Released; Forbearance By Beneficiary Not a Waiver.

Extensions of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Beneficiary to any successor in interest of Grantor shall not operate to release the liability of the original Grantor or Grantor's successors in interest. Beneficiary shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Grantor or Grantor's successors in interest. Any forbearance by Beneficiary in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

12. Successors and Assigns Bound; Joint and Several Liability; Co-signers.

The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Beneficiary and Grantor, subject to the provisions of paragraph 17 below. Grantor's covenants and agreements shall be joint and several. Any Grantor who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Grantor's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Beneficiary and any other Grantor may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Grantor's consent.

13. Loan Charges.

If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Grantor which exceeded permitted limits will be refunded to Grantor. Beneficiary may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Grantor. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

14. Notices.

Any notice to Grantor provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Grantor designates by notice to Beneficiary. Any notice to Beneficiary shall be given by first class mail to Beneficiary's address stated herein or any other address Beneficiary designates by notice to Grantor. Any notice provided for in this Security Instrument shall be deemed to have been given to Grantor or Beneficiary when given as provided in this paragraph.

15. Governing Law; Severability.

This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

16. Grantor's Copy.

Grantor shall be given one conformed copy of the Note and of this Security Instrument.

17. Transfer of the Property or a Beneficial Interest In Borrower.

If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Grantor is sold or transferred and Grantor is not a natural person) without Beneficiary's prior written consent, Beneficiary may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Beneficiary if exercise is prohibited by federal law as of the date of this Security Instrument.

If Beneficiary exercises this option, Beneficiary shall give Grantor notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Grantor must pay all sums secured by this Security Instrument. If Grantor fails to pay these sums prior to the expiration of this period, Beneficiary may invoke any remedies permitted by this Security Instrument without further notice or demand on Grantor.

18. Grantor's Right to Reinstate.

If Grantor meets certain conditions, Grantor shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Grantor: (a) pays Beneficiary all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Beneficiary may reasonably require to assure that the lien of this Security Instrument, Beneficiary's rights in the Property and Grantor's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Grantor, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17 above.

19. Sale of Note; Change of Loan Servicer.

The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Grantor. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Grantor will be given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payment should be made. The notice will also contain any other information required by applicable law.

20. Hazardous Substances.

Grantor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Grantor shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Grantor shall promptly give Beneficiary written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Grantor has actual knowledge. If Grantor learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Grantor shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable toxic petroleum products, toxic pesticides and herbicides, volatile solvent materials containing asbestos or formaldehyde and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

NON-UNIFORM COVENANTS. Grantor and Beneficiary further covenant and agree as follows:

21. Acceleration; Remedies.

Beneficiary shall give notice to Grantor prior to acceleration following Grantor's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraph 17 above unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is sent to Grantor, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument 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 default is not cured on or before the date specified in the notice, Beneficiary at its option may require immediate payment in full of all sums secured by this Security Instrument 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 expenses incurred in pursuing the remedies provided in this paragraph 21,

If Beneficiary invokes the power of sale, Beneficiary shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Beneficiary's election to cause the Property to be sold. Trustee shall cause this notice to be recorded in each county in which any part of the Property is located. Beneficiary or Trustee shall mail copies of the notice as prescribed by applicable law to Grantor and to the other persons prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the time 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 any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property to the extent permitted by applicable law by public announcement at the time and place of any previously schedule sale. Beneficiary or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property 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 expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

22. Reconveyance.

Upon payment of all sums secured by this Security Instrument, Beneficiary shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs.

23. Substitute Trustee.

Beneficiary, at its option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Beneficiary and recorded in the office of the Recorder of the county in which the Property is located. The instrument shall contain the name of the original Beneficiary, Trustee and Grantor, the book and page where this Security Instrument is recorded and the name and address of the successor trustee. Without conveyance of the Property, the successor trustee shall succeed to all the title, powers and duties conferred upon the Trustee herein and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

24. Requests for Notices.

Grantor requests that copies of the notices of default and sale be sent to Grantor's address which is the Property Address.

25. Statement of Obligation Fee.

Beneficiary may collect a fee not to exceed the maximum amount permitted by law for furnishing any statement of obligations, accounting or other information to Grantor or to any other person at Grantor's request.

26. Right to a Deficiency.

To the fullest extent permitted by law, including, without limitation, RCW 61.24.100, Beneficiary may seek and obtain a deficiency judgment following the completion of a judicial foreclosure or a trustee's sale of all or a portion of the security for the obligations secured by this Security Instrument.

27. Purpose of Loan.

Grantor represents and warrants to Beneficiary that (a) the Property is not used principally for agricultural purposes and (b) the loan secured by this Security Instrument was not made primarily for personal, family or household purposes.

28. Statutory Notice.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

29. Appointment of Receiver.

Following an Event of Default, Beneficiary shall be entitled (regardless of the adequacy of Beneficiary's security) to the appointment of a receiver, Grantor hereby consenting to the appointment of such receiver. Said receiver may serve without bond and may be Beneficiary or an employee of Beneficiary. The receiver shall have, in addition to all the rights and powers customarily given to and exercised by such receivers, all the rights and powers granted to Beneficiary in this Deed of Trust and to enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof in the same manner and to the same extent as Grantor could do the same, including, without limitation, the execution, enforcement, cancellation and modification of leases, the removal and eviction of tenants and other occupants, the making of alterations and repairs to the Property, and the execution and termination of contracts providing for management or maintenance of the Property, all on such terms as are deemed best by Beneficiary to protect the security of this Deed of Trust. Beneficiary or the receiver shall be entitled to receive a reasonable fee for so managing the Property.

30. Fixture Filing.

This Deed of Trust constitutes a fixture filing pursuant to the terms of RCW 62A.9A-502(b), which shall be recorded in the real estate records of the county in which the Property is located. In that regard, the following information is provided:

Name of Debtor:	Vista Ridge Group, L.L.C., an Oregon limited liability company
Address of Debtor:	8442 SW Mapleridge Portland, OR 97225
Name of Secured Party:	First Republic Bank, a Division of Merrill Lynch Bank & Trust Co., FSB
Address of Secured Party:	111 Pine Street San Francisco, CA 94111

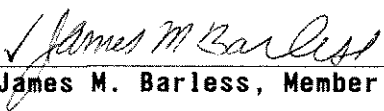
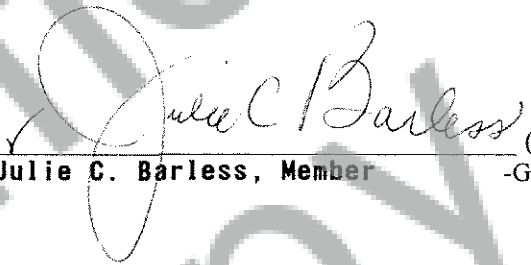
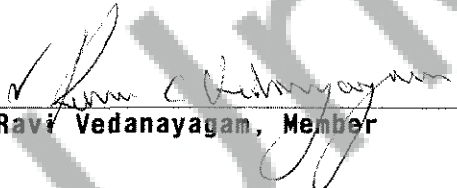

31. Riders to this Security Instrument.

If one or more riders are executed by Grantor and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were part of this Security Instrument.

☒ Adjustable Rate Rider ☒ Construction Rider ☐ 1-4 Family Rider
☐ Condominium Rider ☐ Planned Unit Development Rider ☒ Second Home Rider
☐ Other (Legal Description) _____

BY SIGNING BELOW, Grantor accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Grantor and recorded with it.

**Vista Ridge Group, L.L.C.,
an Oregon limited liability company**

 _____ James M. Barless, Member	(Seal) -Grantor	 _____ Julie C. Barless, Member	(Seal) -Grantor
 _____ Ravi Vedanayagam, Member	(Seal) -Grantor	 _____ Ursula Luckert, Member	(Seal) -Grantor

[Sign Original Only]

**SIGNATURE ADDENDUM TO
DEED OF TRUST/MORTGAGE
AND RIDERS**

Lista Ridge Group, L.L.C.,
an Oregon limited liability company

The Larry Richards Trust dated
October 1, 2004

Larry Richards, Trustee (Seal)
Larry Richards, Trustee, Member Borrower

Lavi Vedanayagam (Seal)
Lavi Vedanayagam, Member Borrower

The Janet Richards Trust dated
October 1, 2004

Janet Richards, Trustee (Seal)
Janet Richards, Trustee, Member Borrower

[Sign Original Only]

STATE OF OREGON)ss.
County of Multnomah)

This instrument was acknowledged before me on December 11, 2008 by
Ravi Vedanayagam and Ursela Luckert, as Members of Vista Ridge Group,
LLC, a Oregon limited liability company.



Notary Public for Oregon
My Commission Expires: 3-9-09



STATE OF OREGON)ss.
County of Multnomah)

This instrument was acknowledged before me on December 12, 2008 by
* ~~Jim Barless and Julie Barless~~, as Members of Vista Ridge Group, LLC, a
Oregon limited liability company.



Notary Public for Oregon
My Commission Expires: 3-9-09

* James M. Barless and Julie C. Barless



STATE OF OREGON)ss.
County of Multnomah)

This instrument was acknowledged before me on December 10, 2008 by
Larry Richards, Trustee of The Larry Richards Trust, as Member of Vista
Ridge Group, LLC, a Oregon limited liability company.



Notary Public for Oregon
My Commission Expires: 3-9-09



STATE OF OREGON)ss.
County of Multnomah)

This instrument was acknowledged before me on December 10, 2008 by
Janet Richards, Trustee of The Janet Richards Trust, as Member of Vista
Ridge Group, LLC, a Oregon limited liability company.



Notary Public for Oregon
My Commission Expires: 3-9-09



Legal Description

Loan No. 14-446862-5

For property located at:

32 Gosnell Road, Underwood, WA 98651

The legal description of said property is described as follows:

All of Lot 3, and the Easterly 40 feet of Lot 4 of GOSNELL VIEW TRACTS according to the official plat thereof on file and of record at Page 129 of Book A of Plats, Records of Skamania County, Washington; and

All that portion of the South Half of the Northeast Quarter of the Southwest Quarter of Section 21, Township 3 North, Range 10 East, Willamette Meridian lying Southerly of said plat, Westerly of a line extending South $10^{\circ}26'$ West from the southeast corner of the said Lot 3, and Easterly of a line extending South $10^{\circ}26'$ West from the Southwesterly corner of the Easterly 40 feet of the said Lot 4.

ADJUSTABLE RATE RIDER
(1 Month LIBOR - Rate Cap)

Loan No. 14-446862-5

THIS ADJUSTABLE RATE RIDER is made this 5th day of December, 2008, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned ("Borrower") to secure Borrower's Adjustable Rate Note (the "Note") to First Republic Bank, a Division of Merrill Lynch Bank & Trust Co., FSB

_____ (the "Lender") of the same date and covering the property described in the Security Instrument and located at: 32 Gosnell Road, Underwood, WA 98651

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN MY INTEREST RATE AND MY MONTHLY PAYMENT. THE NOTE LIMITS THE MAXIMUM RATE I MUST PAY.

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. CONSTRUCTION LOAN

The loan will be advanced to me pursuant to a Construction Loan Agreement between the Lender and me (the "Construction Loan Agreement"). The period of time commencing on the date hereof and ending on the "Completion Date" under the Construction Loan Agreement is referred to herein as the "Construction Period." The first day after the Completion Date is referred to herein as the "Permanent Loan Commencement Date." The period of time commencing on the Permanent Loan Commencement Date and ending on the Maturity Date referred to in the Security Instrument is referred to herein as the "Permanent Loan Period." The Construction Rider attached for the Security Instrument sets forth the interest rate applicable during the Construction Period. The expiration of the Construction Period may be evidenced by the Lender's execution and recordation in the Official Records of the County where the Property is located of a supplement to the Security Instrument which includes a certification stating the Completion Date, the Permanent Loan Commencement Date, the Maturity Date, the principal balance of my loan on the Permanent Loan Commencement Date and the interest rate on my loan as of the Permanent Loan Commencement Date (which is subject to adjustment pursuant to Section B below). Any subsequent holder of the Security Instrument or the Note shall be entitled to rely thereon.

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The interest rate I will pay may change on the first day of every month after the fixed rate period. The date on which my interest rate could change is called a "Change Date." Notwithstanding anything to the contrary set forth herein, the "Current Index" utilized in calculating the interest rate on the Change Date shall be the most recent Index (as defined below) figure available as of date 15 days before said Change Date.

(B) The Index

Beginning with the first Change Date, my interest rate will be based on an index. The "Index" is the average of interbank offered rates for one-month U.S. dollar-denominated deposits in the London Market ("LIBOR"), as published in The Wall Street Journal. The most recent Index figure available as of the date 15 days before each Change Date is called the "Current Index."

If the Index is no longer available or is otherwise unpublished or at Note Holder's sole discretion is determined to be substantially recalculated, the Note Holder will choose a new index. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding Two percentage points (2.000 %) to the Current Index. The Note Holder will then round the result of this addition to the next highest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section (D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment. During the fixed rate period, the Note Holder will determine the amount of my monthly payment of interest. During the remainder of the loan term when principal and interest payments are required, the Note Holder will determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date (i.e. after the seven (7) year fixed rate period) is only limited by the life of the loan cap set forth below. During the Permanent Loan Period, my interest rate will never exceed 10.950 % (the "life of the loan cap").

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any payment change. The notice will include information required by law to be given me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

C. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

During the Construction Period, Uniform Covenant 18 of the Security Instrument shall apply.

From and after commencement of the Permanent Loan Period, Uniform Covenant 18 of the Security Instrument is amended to read as follows:

(A) UNTIL MY INITIAL FIXED INTEREST RATE CHANGES TO AN ADJUSTABLE INTEREST RATE UNDER THE TERMS STATED IN SECTION 4 OF THE NOTE, UNIFORM COVENANT 18 OF THE SECURITY INSTRUMENT IS DESCRIBED AS FOLLOWS:

Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

(B) WHEN MY INITIAL FIXED INTEREST RATE CHANGES TO AN ADJUSTABLE INTEREST RATE UNDER THE TERMS STATED IN SECTION 4 OF THE NOTE, UNIFORM COVENANT 18 OF THE SECURITY INSTRUMENT DESCRIBED IN SECTION C(A) ABOVE SHALL THEN CEASE TO BE IN EFFECT, AND UNIFORM COVENANT 18 OF THE SECURITY INSTRUMENT SHALL INSTEAD BE DESCRIBED AS FOLLOWS:

Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender also may require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Adjustable Rate Rider.

**Vista Ridge Group, L.L.C.,
an Oregon limited liability company**

✓ James M. Barless 12/12/08
James M. Barless, Member Date

✓ Julie C. Barless 12-12-08
Julie C. Barless, Member Date

✓ Ravi C. Vedanayagam 12/11-08
Ravi Vedanayagam, Member Date

✓ Ursula Luckert 12-11-08
Ursula Luckert, Member Date

[Sign Original Only]

**SIGNATURE ADDENDUM TO
DEED OF TRUST/MORTGAGE
AND RIDERS**

Vista Ridge Group, L.L.C.,
an Oregon limited liability company

The Larry Richards Trust dated
October 1, 2004

Larry Richards, Trustee (Seal)
Larry Richards, Trustee, Member Borrower

Lavi Vedanayagam (Seal)
Lavi Vedanayagam, Member Borrower

The Janet Richards Trust dated
October 1, 2004

Janet Richards, Trustee (Seal)
Janet Richards, Trustee, Member Borrower

[Sign Original Only]

SECOND HOME RIDERLOAN NO. **14-446862-5**

THIS SECOND HOME RIDER is made this 5th day of December, 2008, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed ("the Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note (the "Note") to First Republic Bank, a Division of Merrill Lynch Bank & Trust Co., FSB ("the Lender") of the same date and covering the property described in the Security Instrument ("the Property") which is located at:
32 Gosnell Road, Underwood, WA 98651

In addition to the covenants made in the Security Instrument, Borrower and Lender further covenant and agree that Sections 6 and 8 of the Security Instrument are deleted and replaced by the following:

6. Occupancy.

Borrower shall occupy, and shall only use, the Property as Borrower's second home. Borrower shall keep the Property available for Borrower's exclusive use and enjoyment at all times, and shall not subject the Property to any timesharing or other shared ownership arrangement or to any rental pool or agreement that requires Borrower either to rent the Property or give a management firm or any other person any control over the occupancy or use of the Property.

8. Borrower's Loan Application.

Borrower shall be in default if, during the loan process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's second home.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this Second Home Rider.

Vista Ridge Group, L.L.C.,
an Oregon limited liability company

✓ James M. Barless
James M. Barless, Member

12/12/08
 Date

✓ Julie C. Barless
Julie C. Barless, Member

12-12-08
 Date

✓ Ravi Vedanayagam
Ravi Vedanayagam, Member

12-11-08
 Date

✓ Ursula Luckert
Ursula Luckert, Member

12-11-08
 Date

[Sign Original Only]

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AND RIDERS**

/ista Ridge Group, L.L.C.,
in Oregon limited liability company

The Larry Richards Trust dated
October 1, 2004

Larry Richards, Trustee (Seal)
Larry Richards, Trustee, Member Borrower

Lavi Vedanayagam (Seal)
Lavi Vedanayagam, Member Borrower

The Janet Richards Trust dated
October 1, 2004

Janet Richards, Trustee (Seal)
Janet Richards, Trustee, Member Borrower

[Sign Original Only]

WHEN RECORDED MAIL TO:
First Republic Bank
111 Pine Street
San Francisco, CA 94111

ATTENTION: LOAN REVIEW DEPARTMENT

FRB Loan #: 14-446862-5
 ESCROW/CLOSING #: 50-460759-DP
 PARCEL I.D.#: 03-10-21-3-0-0701-00

[SPACE ABOVE THIS LINE FOR RECORDER'S USE]

FIRST REPUBLIC BANK CONSTRUCTION RIDER

THIS CONSTRUCTION RIDER is made this 5th day of December, 2008, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned ("Grantor") to secure Borrower's Adjustable Rate Note (the "Note") to First Republic Bank, a Division of Merrill Lynch Bank & Trust Co., FSB, (the "Beneficiary") of the same date and covering the property described in the Security Instrument and located at:
32 Gosnell Road, Underwood, WA 98651

ADDITIONAL COVENANTS. In addition to the covenants made in the Security Instrument, Grantor and Beneficiary further covenant and agree as follows:

1. CONSTRUCTION LOAN AGREEMENT

Grantor shall promptly pay and perform when due all of Grantor's obligations under that certain Construction Loan Agreement, dated the same date as the Security Instrument (the "Construction Loan Agreement") and all amendments thereto. The loan evidenced by the Note will be advanced to Grantor pursuant to the Construction Loan Agreement. The period of time commencing on the date hereof and ending on the "Completion Date" under the Construction Loan Agreement is referred to herein as the "Construction Period." The first day after the Completion Date occurs is referred to herein as the "Permanent Loan Commencement Date." The period of time commencing on the Permanent Loan Commencement Date and ending on the Maturity Date described below is referred to herein as the "Permanent Loan Period." The expiration of the Construction Period may be evidenced by the Beneficiary's execution and recordation in the Official Records of the County where the Property is located of a supplement to the Security Instrument which includes a certification stating the Completion Date, the Permanent Loan Commencement Date, the Maturity Date and the principal balance of the loan evidenced by the Note on the Permanent Loan Commencement Date. Any subsequent holder of the Security Instrument shall be entitled to rely on such certification.

2. MATURITY DATE

The indebtedness evidenced by the Note, if not earlier paid, shall become due and payable on January 1, 2039. That date is called the "Maturity Date."

3. INTEREST

During the Construction Period, I will pay interest at a yearly rate of 6.7000 %. The interest rate required by this Section 3 is the rate I will pay during the Construction Period both before and after any default described in the Note, except as set forth in the Construction Loan Agreement with respect to the interest chargeable after certain defaults during the Construction Period.

4. PAYMENTS**(A) Time of Payments**

I will pay interest payments every month during the Construction Period and on the fifteenth day of the month after the termination thereof, in an amount equal to the interest which has accrued on the unpaid principal during the prior month.

I will make my monthly payments on the fifteenth day of each month beginning on the fifteenth day of the first month following the initial disbursement under the Construction Loan Agreement. My monthly payments will be applied to interest before principal.

5. SECURITY AGREEMENTS; FIXTURE FILING

The term "Property" as used in this Security Instrument shall also include all building materials, appliances, equipment, machinery, goods and fixtures (collectively, "personal property") now or hereafter located on or attached or affixed to the real property described herein, the cost of which was paid, in whole or in part, from the proceeds of the loan made by Beneficiary to Grantor pursuant to the Construction Loan Agreement, and Grantor hereby grants to Beneficiary a security interest in and to the personal property and all proceeds hereof, pursuant to the Security Instrument and the Uniform Commercial Code of the state where the real property is located, and all rights and remedies of a secured party under the Uniform Commercial Code in the event of any breach of any covenant or agreement in the Security Instrument. Grantor shall execute and deliver such financing statements as Beneficiary may request in order to perfect Beneficiary's security interest in the personal property. The Security Instrument constitutes a fixture filing with respect to any and all fixtures or any goods which may now be or may hereafter become fixtures included within the term "Property."

6. STATUTORY NOTICE

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

BY SIGNING BELOW, Grantor accepts and agrees to the terms and covenants contained in this Adjustable Rate Rider.

**Vista Ridge Group, L.L.C.,
an Oregon limited liability company**

James M Barless 12/12/08
James M. Barless, Member Date

Julie C Barless 12-12-08
Julie C. Barless, Member Date

Ravi Vedanayagam 12-11-08
Ravi Vedanayagam, Member Date

Ursula Luckert 12-11-08
Ursula Luckert, Member Date

[Sign Original Only]

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Lavi Vedanayagam, Member Borrower

The Janet Richards Trust dated
October 1, 2004

Janet Richards, Trustee (Seal)
Janet Richards, Trustee, Member Borrower

[Sign Original Only]