

WHEN RECORDED RETURN TO:

AMERITITLE
ACCOUNT SERVICING DEPARTMENT
PO BOX 16009
ROSEBURG OR 97470

FILED FOR RECORD AT REQUEST OF
AMERITITLE
165 NE ESTES AVE / PO BOX 735
WHITE SALMON, WA 98672

ESCROW NO. WS24620

SR 31846

DEED OF TRUST

(For use in the State of Washington only)

THIS DEED OF TRUST, made this 27 day of July, 2010, between PHIL S. SMITH AND DEBBIE S. SMITH, TRUSTEES OF THE SMITH LIVING TRUST DATED 7/29/1996, GRANTOR, whose street address is 24025 WALLACE ROAD NW, SALEM, OR 97304, AMERITITLE, TRUSTEE whose street address is 165 NE ESTES AVE / PO BOX 735, WHITE SALMON, WA 98672, and GARY LANDERS AND KELLIE LANDERS husband and wife, BENEFICIARY, whose street address is 15691 TRAPPER POINT ROAD, SISTERS, OR 97759.

WITNESSETH: Grantor(s) hereby bargain(s), sell(s) and convey(s) to Trustee in trust, with power of sale, the following described real property in SKAMANIA County, Washington:

FOR LEGAL DESCRIPTION, SEE EXHIBIT "A" ON PAGE 6

Abbreviated Legal: (Required if full legal not inserted above.) Lot 32 Northwoods

Tax Parcel Number(s): 96000032000000

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

This Deed of Trust is for the purpose of securing performance of each agreement of Grantor(s) contained in this Deed of Trust, and payment of the sum of *** ONE HUNDRED NINETY-FIVE THOUSAND AND NO/100ths DOLLARS *** (\$195,000.00) with interest, in accordance with the terms of a promissory note of

even date herewith, payable to Beneficiary or order, and made by Grantor(s), and all renewals, modifications, and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor(s), or any of Grantor(s)' successors or assigns, together with interest thereon at such rate as shall be agreed upon.

DUE DATE: The entire balance of the promissory note secured by this Deed of Trust, together with any and all interest accrued thereon, shall be due and payable in full on July 1, 2011.

To protect the security of this Deed of Trust, Grantor(s) covenant(s) and agree(s):

1. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure, or improvement being built or about to be built thereon; to restore promptly any building, structure, or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions, and restrictions affecting the property.
2. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens, or encumbrances impairing the security of this Deed of Trust.
3. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust. All policies shall be held by the Beneficiary, and be in such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor(s). The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor(s) in insurance policies then in force shall pass to the purchaser at the foreclosure sale.
4. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.
5. To pay all costs, fees, and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.
6. Should Grantor(s) fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances, or other charges against the property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.
7. **DUE ON SALE: (OPTIONAL – Not applicable unless initialed by Grantor and Beneficiary.)** The property described in this security instrument may not be sold or transferred without the Beneficiary's consent. Upon breach of this provision, Beneficiary may declare all sums due under the note and Deed of Trust immediately due and payable, unless prohibited by applicable law.

AS
Grantor initials

0.55
Beneficiary initials

IT IS MUTUALLY AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured by this Deed of Trust shall be paid to Beneficiary to be applied to said obligation.

2. By accepting payment of any sum secured by this Deed of Trust after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.
3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto, on written request of the Grantor(s) and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.
4. Upon default by Grantor(s) in the payment of any indebtedness secured by this Deed of Trust or in the performance of any agreement contained in this Deed of Trust, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary subject to any cure period provided in the note secured by this Deed of Trust. . In such event and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; and (3) the surplus, if any, shall be distributed to the persons entitled thereto.
5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser all right, title and interest in the real and personal property which Grantor(s) had or had the power to convey at the time of the execution of this Deed of Trust, and such as Grantor(s) may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrancers for value.
6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.
7. In the event of the death, incapacity, disability, or resignation of Trustee, or at the discretion of the Beneficiary, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of an action or proceeding in which Grantor(s), Trustee, or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.
8. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on his/her/their heirs, devisees, legatees, administrators, executors, and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.
9. ADDITIONAL TERMS AND CONDITIONS: (check one)
 - a. None
 - b. As set forth on the attached Exhibit "A" which is incorporated by this reference.

(Note: If neither "a" nor "b" is checked, then option "a" applies.)

SMITH LIVING TRUST DATED 7/29/1996

BY: Phil S. Smith
PHIL S. SMITH, TRUSTEE

BY: De S.
DEBBIE S. SMITH, TRUSTEE

STATE OF Oregon

COUNTY OF Yamhill

I certify that I know or have satisfactory evidence that Phil S. Smith and Debbie S. Smith are the persons who appeared before me, and said persons acknowledged that they signed this instrument, on oath stated that they are authorized to execute the instrument and acknowledged it as the Trustees of The Smith Living Trust dated July 29, 1996 to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Given under my hand and official seal this 27th day of July, 2010.



L. Harkless
Notary Signature
Printed Name: L. Harkless
Notary Public in and for the State of Oregon
Residing at: Yamhill Co.
My appointment expires: 1/5/12

REQUEST FOR FULL RECONVEYANCE - *Do not record. To be used only when note has been paid.*

TO: TRUSTEE

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, has been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

Dated: _____

Unofficial Copy

Exhibit "A"

A leasehold in the following described property created by Cabin Site Lease between Waterfront Recreation, Inc. as Lessor to Leland W. Irwin and Winnifred Irwin as Lessee, including the terms and provisions thereof, recorded May 21, 1997, in Book 165, Page 487 and subsequently assigned by mesne assignments the last of which dated May 3, 2010 and recorded 8-3-2010, 2010, in Skamania County, Washington records as Auditor's File No. 2010176090 was to Phil S. Smith and Debbie S. Smith, Trustees of the Smith Living Trust Dated 7/29/1996.

Lot 32, as shown on the Plat entitled Record of Survey for Water Front Recreation Inc, dated May 16, 1974, on file and of record under Auditor File No. 73635, at Page 306 of Book "J" of Miscellaneous Records of Skamania County, Washington, together with an appurtenant easement as established in writing on said Plat, for the joint use of the areas shown as roadway on the Plat. Subject to reservations by the United States of America in approved selection list number 259 dated March 4, 1953, and recorded September 4, 1953, at Page 23 of Book 52 of Deed, under Auditor File No. 62114, records of Skamania County as follows:

"...the provisions, reservations, conditions and limitations of Section 24, Federal Power Act of June 10, 1920, as amended...and the prior right of the United States, its licenses and permittees to use for power purposes that part within Power Project No. 2071, 2111 and 264."

Exhibit "B"

Promissory Note

1. Names

Borrowers:

Phil S. Smith and Debbie S. Smith, husband and wife.

Lenders:

Gary Landers and Kellie Landers, husband and wife.

2. Promise to Pay

For value received, Borrowers promise to pay Lenders one hundred ninety-five thousand dollars (\$195,000.00) as specified below.

3. Payment Date

Borrowers will pay the principal of this note on or before July 1, 2011. In consideration of borrowers promise to pay the entire balance within one year of the making of this note, no interest shall accrue on the unpaid balance. Provided however, in the event borrowers fail to pay the entire note on or before its due date, interest shall accrue at the rate of 10% per annum retroactive to the date this note was signed.

4. Prepayment

Borrowers may prepay all or any part of the principal without penalty.

5. Security

Borrowers agree that until the principal and any interest, in the event of late payment, owed under this promissory note are paid in full, this note will be secured by a trust deed pledging borrowers' interest in and to the real and/or personal property commonly known as Cabin Site #32 of the Northwoods located in Skamania County, Washington. The parties acknowledge that this promissory note is a part of the purchase agreement wherein borrowers are purchasing lenders leasehold interest in said property.

6. Governing Law

This agreement will be governed by and construed in accordance with the laws of the state of wherein proper venue and jurisdiction is found.

7. Modification

This agreement may be modified only by a writing signed by the party against whom such modification is sought to be enforced.

8. Place of Payment

The parties stipulate that at the time of closing of the sale of the aforementioned leasehold interest a collection escrow is to be established through Amerititle. All payments shall be made through the collection escrow agent assigned the account.

9. Attorney Fees

In the event legal action is commenced to enforce this promissory note, the prevailing party therein shall be entitled to recoup costs, disbursement and reasonable attorney fees incurred therein, and upon any appeal therefrom.

10. Binding Effect

This note shall be binding upon and inure to the benefit of the parties heirs, assigns, and successors.

Copy

Phil S. Smith/Borrower/Date

Copy

Debbie S. Smith/Borrower/Date

Copy

Gary Landers/Lender /Date

Copy

Kellie Landers/Lender /Date