

After Recording Return To:
Peter S. Leichtfuss, PC
Attorney at Law
117 SW Taylor Street, Suite 200
Portland, OR 97204
(503) 417-0444

Sec 32436

DEED OF TRUST

THIS DEED OF TRUST, made this 19th day of October, 2011, between CARSON HOMEWORKS, LLC, a Washington state limited liability company, GRANTOR, whose address is 192 Szydlo Road, Carson, WA 98610, and SKAMANIA COUNTY TITLE COMPANY, a corporation, TRUSTEE, whose address is P.O. Box 277, 41 Russell Ave, Stevenson, WA and JOHN STEVE SABAN, BENEFICIARY, whose address is 20020 SE Chitwood Road, Damascus, Oregon 97089.

WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the following described real property in Skamania County, State of Washington:

Skamania County Tax Parcel No.: 03-08-2130-1700/00

SEE EXHIBIT A FOR LEGAL DESCRIPTION

Sec 21, T3N, R8

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 is for the purpose of securing performance of each agreement of Grantor herein contained, and payment of the sum of SEVENTY THOUSAND DOLLARS and NO CENTS (\$70,000) with interest, in accordance with the terms of a promissory note of even date herewith, payable to Beneficiary or order, and made by Grantor, and all renewals, modifications and extensions thereof, provided that:

1. The debt evidenced in promissory note referred to immediately above and thus the security provided by this deed of trust is specifically subordinate to future instruments securing funding of "hard costs" incurred by Grantor in improving the real property and secured by the real property. "Hard costs" specifically include: earthwork and grading; curb, gutter and sidewalk installation; paving; sanitary sewer installation, including testing; domestic water service installation, including testing; storm sewer installation; utilities and street lights; and erosion control. "Hard costs" specifically exclude: engineering, surveying and staking; testing and reports not specifically listed above; appraisals; municipal fees and utility fees; legal fees; bonds and insurance; loan interest reserves; management salaries and overhead; marketing costs; and property taxes.
2.
 - A. Grantor, Trustee and Beneficiary understand and agree that the property will eventually be divided and/or subdivided and sold in parcels or lots. Grantor is entitled to receive a "deed release" for each parcel or lot so sold so long as escrow instructions for the closing of that sale include instructions to pay to Beneficiary no less than the sum of TEN THOUSAND DOLLARS (\$10,000.00) from the proceeds of the sale or Grantor provides that sum at closing to pay to Beneficiary at the time of closing; if these conditions are met, Beneficiary hereby directs Trustee to promptly execute a "deed release" for the relevant parcel or lot at or before closing.
 - B. "Deed release" means that Trustee will reconvey to Grantor the parcel or lot being sold or that Beneficiary will take such action as is necessary to timely allow Grantor to effect the sale of the relevant parcel or lot. Grantor shall incur all costs related to

preparation of such deed release, including document preparation and reconveyance fees, as necessary.

- C. Beneficiary may refuse to allow a "deed release" if it reasonably shows that such a release would impair the value of the property remaining such that Beneficiary would not be adequately secured.

To protect the security of this Deed of Trust, Grantor covenants and agrees:

1. To keep the property and any improvements thereon in good condition and repair; to permit no waste thereof 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 and any improvements thereon; to keep the property free and clear of all other charges, liens or encumbrances impairing the security of this Deed of Trust except for such instruments securing loans dedicated to "hard costs" as that term is defined herein.
3. To defend any action or proceeding purporting to adversely 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, as well as in any suit brought in good faith by Beneficiary or Trustee 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 reasonably incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.
6. Should Grantor fail to pay when due any taxes, assessments, liens, encumbrances or other charges against the property hereinabove described and not excepted, 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.

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 hereby, shall be paid to Beneficiary to be applied to said obligation.
2. By accepting payment of any sum secured hereby 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 request of the Grantor 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 in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee may 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; (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 the interest in the property which Grantor had or had the power to

DEED OF TRUST

convey at the time of his execution of this Deed of Trust, and such as he 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.

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. An election by Beneficiary to cure any breach of Grantor hereunder shall not constitute a waiver of the default or of any of the remedies provided in this Deed of Trust. No delay or omission in exercising any right or remedy shall impair the full exercise of that or any other right or remedy or constitute a waiver of the default.

7. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the 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 of any action or proceeding in which Grantor, 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 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 as Beneficiary herein. Time is of the essence with respect to all covenants and obligations of Grantor under this Deed of Trust.

9. If any provision of this Deed of Trust shall be held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Deed of Trust, and such other provisions shall be construed as if the invalid, illegal, or unenforceable provision had never been contained in this Deed of Trust.

CARSON HOMEWORKS, LLC,
a Washington Limited Liability Company

By Fred Newman
Fred Newman, Managing Partner

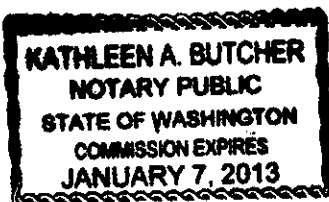
By David Bennett
David Bennett, Managing Partner

STATE OF WASHINGTON)
)ss.

County of Klickitat)

On this 19th day of October, 2011, before me personally appeared, FRED NEWMAN and DAVID BENNETT, to me known to be the managing members of CARSON HOMEWORKS, LLC that executed the within and foregoing instrument and each acknowledged the said instrument to be the free and voluntary act and deed of the limited liability company for the uses and purposes therein mentioned and on oath each stated the he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Kathleen A. Butcher
Name Kathleen A. Butcher
Notary Public in and for the
State of Washington, residing at
SKAMANIA COUNTY, WA
My commission expires 01-07-2013

EXHIBIT A

Skamania County Tax Parcel No.: 03-08-2130-1700/00

The Northeast quarter of the Southwest quarter of the Southwest quarter of Section 21, Township 3 North, Range 8 East of the Willamette Meridian:

Also beginning at a point 690 feet East of the Southwest corner of the Northwest quarter of the Southwest quarter of Section 21, Township 3 North, Range 8 East of the Willamette Meridian; running thence North 336 feet 9 inches; thence East to the Quarter Section line, thence South 336 feet 9 inches, thence West to the point of beginning.

SUBJECT TO:

1. Rights of the public in and to that portion lying within road.
2. Easement including the terms and provisions thereof, recorded January 20, 1971, in Book 62, Page 537.