

WHEN RECORDED RETURN TO:

Robert E. Kabacy
Kell, Alterman & Runstein, L.L.P.
520 SW Yamhill Street, Suite 600
Portland, OR 97204

DOCUMENT TITLE(S):

COMMERCIAL SECOND DEED OF TRUST, SECURITY AGREEMENT

REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED:

GRANTOR:

Underwood Crest, LLC, a Washington Limited Liability Company

GRANTEE:

Andreas H. von Flotow

ABBREVIATED LEGAL DESCRIPTION:

Ptn SEC 19 T3N R10E W.M.

FULL LEGAL DESCRIPTION ON PAGE 9

TAX PARCEL NUMBER(S):

03-10-19-0-0301-00

RECORDING REQUESTED BY AND WHEN
RECORDED MAIL TO:

Robert E. Kabacy
Kell, Alterman & Runstein, L.L.P.
520 SW Yamhill Street, Suite 600
Portland, OR 97204

Notice to Recorder:

THIS DOCUMENT CONSTITUTES A FIXTURE FILING THAT SHALL HAVE AN EFFECTIVE PERIOD UNTIL THIS DEED OF TRUST IS RECONVEYED OR SATISFIED OF RECORD OR ITS EFFECTIVENESS OTHERWISE TERMINATES AS TO THE REAL PROPERTY.

COMMERCIAL SECOND DEED OF TRUST, SECURITY AGREEMENT,

THIS COMMERCIAL DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING (this "*Security Instrument*"), is made as of 18 October 2017, among **UNDERWOOD CREST, LLC**, a Washington limited liability company whose address is 461 Kollock Knapp Rd, Underwood, WA, 98651, as grantor ("*Borrower*"); **Columbia Gorge Title**, the address of which is 41 SW Russell Ave, Stevenson, WA, 98648 ("*Trustee*"); and **ANDREAS H. VON FLOTOW**, whose address is 1750 Country Club Road, Hood River, Oregon 97031 ("*Lender*").

1. **GRANTING CLAUSE.** Borrower, in consideration of the acceptance by Trustee of the trust hereunder, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to secure the obligations described in Section 3 below, grants, bargains, assigns and conveys to Trustee and its successors in trust and assigns, forever, in trust, with power of sale, all of Borrower's estate, right, title, interest, claim and demand in and to the property in the Skamania County, Washington, with a street address of 461 Kollock Knapp Rd, Underwood, WA, 98651 Washington, whether now existing or hereafter acquired (all of the property described in all parts of this Section 1 and all additional property, if any, described in Section 2 is called the "*Property*");

1.1 Land and Appurtenances. The land described in **Exhibit A** hereto, and all tenements, hereditaments, rights-of-way, easements, appendages and appurtenances thereto belonging or in any way appertaining, including without limitation all of the right, title and interest of Borrower in and to any avenues, streets, ways, alleys, vaults, strips or gores of land adjoining that property, all rights to water, and all claims or demands of Borrower either in law or in equity in possession or expectancy of, in and to that property; and

2. **SECURITY AGREEMENT AND ASSIGNMENT OF LEASES AND RENTS.**

2.1 Security Agreement. If any of the property described in Section 1 is personal property, Borrower, as debtor, grants to Lender, as secured party, a security interest therein together with a security interest in all other personal property that is located on or used or to be used in connection with any of the property described in Section 1, and any products or proceeds of any thereof, pursuant to Washington's Uniform Commercial Code (the "UCC"), on the terms and conditions contained herein. Lender hereby assigns such security interest to Trustee, in trust, for the benefit of Lender to be dealt with as a portion of the "*Property*" except as otherwise specified herein. Borrower hereby authorizes Lender to file any financing statement, fixture filing or similar filing to perfect the security interests granted in this Security Instrument without Borrower's signature.

3. **OBLIGATIONS SECURED.** This Security Instrument secures:

3.1 **Performance and Payment; Maturity Date.** The performance of the obligations contained herein and the payment of the principal sum of \$500,000.00 with interest thereon and all other amounts payable according to the terms of a promissory note of even date herewith made by Borrower, payable to Lender or his order and any and all extensions, renewals, modifications or replacements thereof (the "Note"). The Maturity Date of the Note is the first day of the calendar month that is 120 months after the date of the Note.

3.2 **Future Advances.** The repayment of any and all sums advanced or expenditures made by Lender to maintain or preserve the Property or advanced or expended by Lender pursuant to any provision of this Security Instrument, together with interest thereon.

3.3 **Other Amounts.** All other obligations and amounts now or hereafter owing by Borrower to Lender under this Security Instrument, the Note or any other document, instrument or agreement evidencing, securing or otherwise relating to the loan evidenced by the Note and all extension renewals, modifications or replacements of any thereof (collectively, the "Loan Documents").

4. **WARRANTIES AND COVENANTS OF BORROWER.** Borrower warrants and covenants to Lender:

4.1 **Warranties.** Borrower has full power and authority to grant the Property to Trustee and warrants the Property to be free and clear of all liens, charges, and other monetary encumbrances except encumbrances of record. The loan evidenced by the Note and secured by this Security Instrument is primarily for commercial, industrial or business purposes and is not primarily for personal, family or household purposes.

4.2 **Preservation of Lien.** Borrower will at all times protect the priority of this Security Instrument as a first lien on the Property. If Borrower fails to do so, Lender may take any and all actions necessary to do so and all sums expended by Lender shall be treated as part of the obligations secured by this Security Instrument, shall be paid by Borrower on demand by Lender and shall bear interest at the highest rate borne by any of the obligations secured by this Security Instrument.

4.3 **Repair and Maintenance of Property.** Borrower will keep the Property in good condition and repair, ordinary wear and tear excepted, and will not remove, demolish, or alter any building or other improvement that is part of the Property with a value exceeding \$50,000.00 without Lender's prior written consent. Borrower may build or improve the Property, and Lender shall execute all documents reasonably required for Borrower to obtain permits necessary to complete such work. Borrower acknowledges that the loan secured by this Security Instrument is not a construction loan and that this Security Instrument is, and shall at all times remain, senior to any claim of construction lien affecting the Property that arises on or after the date of recording of this Security Instrument.

4.4 **Insurance.**

4.4.1 **Insurance Coverage.** Borrower will provide and maintain, as further security for the faithful performance of the obligations secured by this Security Instrument, such property, liability, rental income interruption, flood and other insurance coverage as Lender may reasonably require from time to time. All such insurance must be acceptable to Lender in all respects including but not limited to the amount of coverage, policy forms, endorsements, identity of insurance companies and amount of deductibles.

4.4.2 Control of Proceeds. Lender shall have the right to control or direct the proceeds of all policies of insurance on the Property, whether or not required by the terms of this Security Instrument, as provided in Section 4.4.3 below, and all proceeds of all such policies are hereby assigned to Lender as security for the obligations secured by this Security Instrument. Without obligating Borrower to restore damage, as between Borrower and Lender, Borrower shall be responsible for all uninsured losses and deductibles.

4.4.3 Damage and Destruction.

(a) Borrower's Obligations. In the event of any material or substantial damage to or loss or destruction of the Property (a "Casualty"): (i) Borrower shall give prompt written notice of the Casualty to Lender and to Borrower's insurer, and shall make a claim under each insurance policy providing coverage therefor; (ii) Borrower shall take such actions as are necessary or appropriate to preserve and protect the Property; (iii) if the aggregate proceeds of any and all insurance policies insuring the Property, whether or not required by this Security Instrument, that are payable as a result of the Casualty (collectively, the "Insurance Proceeds") exceed \$50,000.00, or if a Default exists, Borrower shall ensure that all Insurance Proceeds are paid to and held by Lender until applied to the obligations secured hereby or disbursed in accordance with this Section 4.4.3; and (iv) if the Insurance Proceeds are sufficient for the purpose, Borrower shall promptly begin and diligently pursue to completion in a good, workmanlike and lien-free manner the restoration, replacement and rebuilding of the Property as nearly as possible to its value, condition and character immediately prior to the Casualty (collectively, the "Restoration"). If the Restoration will cost more than \$50,000.00, Borrower shall submit the proposed plans and specifications for the Restoration, and such other documents as Lender may reasonably request to Lender for his review and approval.

(b) Lender's Rights. Lender may receive and control all Insurance Proceeds required to be paid to him pursuant to subsection (a)(iii) above. Borrower authorizes Lender, in his own name or as attorney-in-fact for Borrower (which power is coupled with an interest and is irrevocable so long as this Security Interest remains of record), to make proof of loss, to settle, adjust and compromise any claim under insurance policies on the Property, to appear in and prosecute any action arising from such insurance policies, to collect and receive Insurance Proceeds, and to deduct therefrom Lender's expenses incurred in the adjustment, collection and disbursement of such Insurance Proceeds or otherwise in connection with the Casualty or the Restoration. Each insurance company concerned is hereby irrevocably authorized and directed to make payment of all Insurance Proceeds directly to Lender.

(c) Application and Disbursement of Proceeds. If, at any time while Lender holds any Insurance Proceeds, an Event of Default exists or Lender determines that the security for the obligations secured hereby is impaired, Lender may apply the Insurance Proceeds to the obligations secured hereby in such order as Lender may determine. If Lender is not entitled to apply the Insurance Proceeds to the obligations secured hereby, Lender shall disburse the Insurance Proceeds for the Restoration as the Restoration progresses, but only after satisfaction, at Borrower's expense, of such conditions precedent to such disbursements as Lender may reasonably require.

4.5 Right of Inspection; Compliance. Lender or his agent may enter on and inspect the Property all reasonable times and on reasonable prior notice to Borrower. Borrower shall comply with all laws, statutes, ordinances, rules, regulations, licenses, permits, approvals, orders, judgments and other requirements of governmental authorities relating to the Property or Borrower's use thereof.

4.6 Further Assurances. Borrower will, at its expense, sign and deliver all such instruments of further assurance and other instruments and do any and all such acts as Trustee or Lender deems reasonably necessary to carry out the purposes of this Security Instrument.

4.7 Legal Actions. Borrower will defend any action purporting to affect the Property or the rights or powers of Lender or Trustee; and will pay all costs and expenses incurred by Lender or Trustee in any such action in which Lender or Trustee may appear, and in any suit brought by Lender or Trustee to foreclose this Security Instrument and in any non-judicial foreclosure of this Security Instrument.

4.8 Taxes, Assessments and Other Liens. Borrower will pay prior to delinquency all taxes, assessments, encumbrances, charges, and liens with interest, on the Property or any part thereof, including but not limited to any tax on or measured by rents or other income from the Property, the Note, this Security Instrument, or any obligation or part thereof secured hereby.

5. DEFAULT.

5.1 Definition. Any of the following shall constitute an "Event of Default" as that term is used in this Security Instrument (and the term "Default" shall mean any of the following, whether or not any requirement for notice of lapse of time has been satisfied):

5.1.1 Any payment or other obligation under the Note is not received by Lender within five (5) business days of the date due, or any other amount secured by this Security Instrument is not received by Lender on the date when due;

5.1.2 Borrower or any other party thereto (other than Lender) fails to perform its obligations under any other covenant or agreement contained in this Security Instrument, or the Note, which failure continues for a period of thirty (30) days after Borrower receives written notice from Lender specifying with reasonable particularity the nature of such default; or

5.1.3 Borrower or any other signatory thereto shall default in the performance of any covenant or agreement contained in any mortgage, deed of trust or similar security instrument encumbering the Property, or the note or any other agreement evidencing or securing the indebtedness secured thereby, which default continues beyond any applicable cure period.

5.2 Lender's and Trustee's Right to Perform. After the occurrence and during the continuance of any Event of Default, Lender or Trustee, without notice to or demand on Borrower and without releasing Borrower from any obligations hereunder, may: make any payments or do any acts required of Borrower hereunder necessary to protect the security hereof; commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Lender or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien; and in exercising any such powers, pay necessary expenses, employ counsel and pay a reasonable fee therefor. All sums so expended shall be paid on demand by Borrower, be secured hereby and bear interest at the Default Rate of interest specified in the Note from the date advanced or expended until repaid.

5.3 Remedies on Default. On the occurrence of any Event of Default all sums secured hereby shall become immediately due and payable, without notice or demand, at the option of Lender and Lender may:

5.3.1 Have a receiver appointed as a matter of right on an ex parte basis without notice to Borrower and without regard to the sufficiency of the Property or any other security for the indebtedness secured hereby and, without the necessity of posting any bond or other security. Such receiver shall take possession and control of the Property and shall collect and receive the Rents. If Lender elects to seek the appointment of a receiver for the Property, Borrower, by its execution of this Security Instrument, expressly consents to the appointment of such receiver, including the appointment of a receiver ex parte if permitted by applicable law. If the

Rents are not sufficient to pay the costs of taking control of and managing the Property and collecting the Rents, any funds expended by Lender, or advanced by Lender to the receiver, shall become an additional part of the indebtedness secured by this Security Instrument. The receiver may exclude Borrower and its representatives from the Property. Borrower acknowledges and agrees that the exercise by Lender of any of the rights conferred under this Section 5.3 shall not be construed to make Lender a mortgagee-in-possession of the Property;

- 5.3.2 Foreclose this Security Instrument as a mortgage or otherwise realize on the Property;
- 5.3.3 Cause Trustee to exercise its power of sale;
- 5.3.4 Sue on the Note as permitted by applicable law; and/or
- 5.3.5 Avail the Lender of any other right or remedy available to him under the terms of this Security Instrument, the other Loan Documents or applicable law.

5.4 No Waiver. By accepting payment of any sum secured hereby after its due date, Lender does not waive his right either to require prompt payment when due of all other sums so secured or to declare an Event of Default for failure to do so.

5.5 Remedies Cumulative; Subrogation. The rights and remedies accorded by this Security Instrument shall be in addition to, and not in substitution of, any rights or remedies available under now existing or hereafter arising applicable law. All rights and remedies provided for in this Security Instrument or afforded by law or equity are distinct and cumulative and may be exercised concurrently, independently or successively. The failure on the part of Lender to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver of any Default or Event of Default shall not constitute a waiver of any subsequent or other Default or Event of Default. Lender shall be subrogated to the claims and liens of those whose claims or liens are discharged or paid with the loan proceeds hereof.

6. CONDEMNATION. Any and all awards of damages, whether paid as a result of judgment or prior settlement, in connection with any condemnation or other taking of any portion of the Property for public or private use, or for injury to any portion of the Property ("Awards") are hereby assigned and shall be paid to Lender who may apply or disburse such Awards in the same manner, on the same terms, subject to the same conditions, to the same extent, and with the same effect as provided in Section 4.4.3 above for disposition of Insurance Proceeds.

7. TRUSTEE.

7.1 General Powers and Duties of Trustee. Trustee may: (a) consent to the making of any map or plat of the Property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this Security Instrument or the lien or charge thereof, or (d) re-convey, without warranty, all or any part of the Property.

7.2 Reconveyance. On written request of Lender stating that all sums secured hereby have been paid, and on surrender of this Security Instrument and the Note to Trustee for cancellation and retention and on payment of its fees, Trustee shall re-convey, without warranty, the Property then held hereunder. The recitals in any reconveyance executed under this Security Instrument of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

7.3 Powers and Duties on Default. On written request therefor by Lender specifying the nature of the Event of Default, or the nature of the several Events of Default, and the amount or amounts due and owing, Trustee shall execute a written notice of default and of its election to cause the Property to be sold to satisfy the obligation secured hereby, and shall cause such notice to be recorded and otherwise given according to law. Notice of sale having been given as then required by law, Trustee shall sell the Property at the time and place of sale specified in the notice, as provided by statute. Borrower agrees that such a sale (or a sheriff's sale pursuant to judicial foreclosure) of all the Property as real estate constitutes a commercially reasonable disposition thereof, but that with respect to all or any part of the Property which may be personal property Trustee shall have and exercise, at Lender's sole election, all the rights and remedies of a secured party under the UCC. Whenever notice of such a sale is permitted or required hereunder or under the UCC, ten (10) days shall be deemed reasonable. Trustee may postpone sale of all or any portion of the Property, and from time to time thereafter may postpone such sale, as provided by statute. Trustee shall deliver to the purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recital in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person other than Trustee, including Borrower or Lender, may purchase at such sale. After deducting all costs, fees and expenses of Trustee and of this trust, including the cost of evidence of title search and title insurance and reasonable counsel fees in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums secured hereby in such order as Lender may determine and the remainder, if any, to Borrower or otherwise paid or applied as permitted by applicable law.

7.4 Reassignment of Security Interest. At the request of Lender, Trustee shall reassign to Lender the security interest created hereby and after such reassignment Lender shall have the right, on the occurrence or continuance of any Event of Default, to realize on the personal property subject to this Security Instrument, independent of any action of Trustee, pursuant to the UCC.

7.5 Reliance. Trustee, on presentation to it of an affidavit signed by Lender setting forth facts showing an Event of Default, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

8. NOTICES. Any notice to or demand on Trustee, Borrower (including any notice of default or notice of sale) or notice to or demand on Lender shall be deemed to have been sufficiently made for all purposes when deposited in the United States mail, postage prepaid, registered or certified, return receipt requested, addressed to the address set forth above or to such other address as the recipient may have directed by notice in accordance herewith. Any notice to Lender shall also include a copy to Robert E. Kabacy, Kell, Alterman & Runstein, L.L.P., 520 SW Yamhill Street, Suite 600, Portland, OR 97204.

9. WAIVER; NO MODIFICATION. Lender may in his sole discretion: (i) extend the time for payment of the obligations secured hereby; (ii) discharge or release any one or more parties from their liability for such obligations in whole or in part; (iii) delay any action to collect on such obligations or to realize on any collateral therefor; (iv) release or fail to perfect any security for such obligations; (v) consent to one or more transfers of the Property, in whole or in part, on any terms; (vi) waive or release any of holder's rights under any of the Loan Documents; (vii) agree to an increase in the amount of such obligations or to any other modification of such obligations or of the Loan Documents; or (viii) proceed against such person or entity before, at the same time as, or after he proceeds against any other person or entity liable for such obligations. Lender may at any time waive one or more of the conditions contained herein, but any such waiver shall be deemed made pursuant to this Security Instrument and not in modification of it. Any waiver in one instance shall not be deemed a waiver of such condition in the future or of any subsequent default. Lender's failure to promptly exercise his rights or remedies shall not be deemed a waiver or grounds to claim estoppel.

10. SUCCESSORS AND ASSIGNS. All provisions herein contained shall be binding on and inure to the benefit of the respective successors and assigns of the parties.

11. **GOVERNING LAW; SEVERABILITY.** This Security Instrument shall be governed by Washington law. If any provision or clause of this Security Instrument or the Note conflicts with applicable law, the conflict shall not affect other provisions of this Security Instrument or the Note that can be given effect without the conflicting provision and to this end the provisions of this Security Instrument and the Note are declared to be severable.

12. **ATTORNEYS' FEES AND LEGAL EXPENSES.** In the event of any Default under this Security Instrument, or in the event that any dispute arises relating to the interpretation, enforcement or performance of any obligation secured by this Security Instrument, Lender shall be entitled to collect from Borrower on demand all fees and expenses incurred in connection therewith.

13. **FIXTURE FILING.** This Security Instrument constitutes a financing statement, filed as a fixture filing in the real estate records of the county of the state in which the real property described in **Exhibit A** is located, with respect to any and all fixtures included within the list of improvements and fixtures described in Section 1.2 of this Security Instrument and to any goods or other personal property that are now or hereafter will become a part of the Property as fixtures.

14. **MISCELLANEOUS.** Time is of the essence under this Security Instrument and in the performance of every term, covenant and obligation contained here.

UNDERWOOD CREST, LLC, a Washington limited liability company

By: [Signature]

Friedrich L. von Flotow

Its: Manager and Member

By: [Signature]

Jena N. von Flotow

Its: Manager and Member

Oregon
STATE OF ~~Washington~~)
County of ~~Skamania~~ Multnomah) ss.

This instrument was acknowledged before me on 18 October 2017 by Friedrich L. von Flotow as Member and Manager of **UNDERWOOD CREST, LLC**, a Washington limited liability company.

[Signature]
Notary Public for ~~Washington~~ Oregon
My commission expires: 11-11-2017

Oregon
STATE OF ~~Washington~~)
County of ~~Skamania~~ Multnomah) ss.

This instrument was acknowledged before me on 18 October 2017 by Jena N. von Flotow as Member and Manager of **UNDERWOOD CREST, LLC**, a Washington limited liability company.

[Signature]
Notary Public for ~~Washington~~ Oregon
My commission expires: 11-11-2017

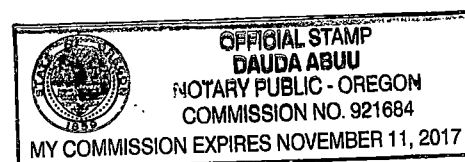
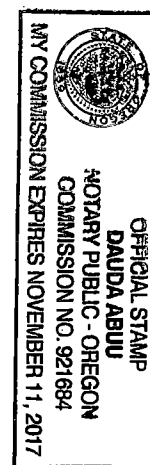


EXHIBIT A
DESCRIPTION OF THE PROPERTY

The Land and Appurtenances cited in Section 1.1 of this document shall include:

- all of the land sold on or about 18 October 2018 by John Crumpacker and Ronda Crumpacker-Bresin to Underwood Crest LLC, that land consisting of approximately 40 acres at the street address 461 Kollock Knapp Rd, Underwood, WA, 98651
- all of the buildings and other improvements upon said land

PARCEL I:

The Southeast Quarter of the Northeast Quarter of Section 19, Township 3 North, Range 10 East of the Willamette Meridian, in the County of Skamania, State of Washington.

PARCEL II:

All of that portion of land lying Northerly of the North line of Kollock-Knapp Road in the Northeast Quarter of the Southeast Quarter of Section 19, Township 3 North, Range 10 East of the Willamette Meridian, in the County of Skamania, State of Washington.

PARCEL III:

Beginning at the intersect of the North line of the Kollock-Knapp County Road and the East line of Northwest Quarter of the Southeast Quarter of Section 19, Township 3 North, Range 10 East of the Willamette Meridian;

Thence North along said East line of the Northwest Quarter of the Southeast Quarter to the Southeast corner of the Southwest Quarter of the Northeast Quarter of said Section 19;

Thence North along the East line of the said Southwest Quarter of the Northeast Quarter a distance of 727.02 feet;

Thence South 69° 39' 11" West a distance of 59.73 feet to an existing fence and a Red Plastic Cap on a 5/8" Rebar;

Thence South 01° 51' 00" East along said existing fence a distance of 101.82 feet;

Thence South 00° 57' 59" East along said existing fence a distance of 648.39 feet to an existing Brass Cap;

Thence East along the North line of the Kollock-Knapp County Road, to the Point of Beginning.