

**RECORDING REQUESTED BY  
AND WHEN RECORDED RETURN TO:**

Sherrard McGonagle Tizzano Lind, P.S.  
PO Box 400  
Poulsbo, WA 98370

Grantor : Kanati Falls Ranch, LLC, a Washington limited liability company  
Grantee : Eric E. Engleman, a single man, and Katherine O. Engleman, a married woman as her separate property  
Assessor's Tax Parcel # : 02051800010000 and 02051800010006  
Abbreviated Legal : Ptn of Sec 18, T2N, R5E, W.M.  
Other Reference No. : N/A

**DEED OF TRUST  
(Due on Sale)**

This Deed of Trust (this "Deed of Trust") is made as of this 31 day of August, 2023 (the "Effective Date"), between Kanati Falls Ranch LLC, a Washington limited liability company ("Grantor"), Columbia Gorge Title, whose address is 41 Russell Ave., Stevenson, WA 98648 ("Trustee"), and Eric E. Engleman, a single man, and Katherine O. Engleman, a married woman, as her separate property (together as "Beneficiary").

Grantor hereby bargains, sells, and conveys to Trustee in trust, with power of sale, the following described real property in Skamania County, Washington and legally described as follows:

The Northeast Quarter and the Northeast Quarter of the Southeast Quarter of Section 18, Township 2 North, Range 5 East of the Willamette Meridian, in the County of Skamania, State of Washington

(the "Property").

This Deed of Trust is executed for the purpose of securing performance the agreement of Grantor, and payment of the sums owing, in accordance with the terms of a Promissory Note between Kanati Falls Ranch, LLC and Eric E. Engleman and Katherine O. Engleman of even date herewith (the "Note"), payable to Beneficiary or order, and made by Grantor, and all renewals, modifications and extensions of and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of their successors or assigns, together with interest thereon at such rate as shall be agreed upon.

**TO PROTECT THE SECURITY OF THIS DEED OF TRUST, Grantor covenants and agrees:**

1. To pay all debts and monies secured hereby when from the same shall become due.
2. To keep the Property in good condition and repair and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property.
3. To pay before delinquent all lawful taxes and assessments upon the Property; to keep the Property free and clear of all other charges, mortgages, liens or encumbrances impairing the security of this Deed of Trust, even though such encumbrances may be junior to this Deed of Trust.
4. To keep all buildings now or hereafter erected on the Property described herein continuously insured against loss by fire or other hazards. All policies will be held by Grantor with any loss payable first to Grantor for repair or replacement of damage structures, with any excess going towards repayment of the debt secured hereby. Such application by Grantor shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of Grantor in insurance policies then in force shall pass to the Beneficiary at the foreclosure sale.
5. To protect, defend, indemnify and hold harmless the Beneficiary and its successors and assigns from and against any and all claims, demands, losses, expenses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including but not limited to reasonable attorneys' fees and expenses) pursuant to any federal, state or local laws or regulations relating to the use, generation, transportation, storage, disposal or presence on the property of any hazardous substance as defined in RCW 70A.305, or the release or discharge of any hazardous substance on, under or from the Property by Grantor or their licensees, sublessees, lessees, employees, agents, contractors or subcontractors, or any third persons at any time occupying or present on the Property.
6. 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.
7. To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.
8. That there are no known claims, litigation, liens, or condemnation proceedings pending against the Property, including any charges for labor, materials or other work of any kind furnished in connection with the Property.
9. That this Deed of Trust has been or will be duly authorized, executed and delivered by Grantor, and constitutes a valid and binding obligation of Grantor, enforceable against Grantor in accordance with its respective terms.
10. Should Grantor 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.

IT IS MUTUALLY AGREED THAT:

11. In the event any portion of the Property is taken or damaged in an eminent domain proceeding, the

award shall be distributed pro rata between Grantor and Beneficiaries, in such portions thereof as may be necessary to fully satisfy the obligation secured hereby, and such amounts paid to Beneficiary shall be applied to the obligation secured hereby.

12. 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.

13. Except as expressly provided below in Section 18, Trustee shall reconvey all or any part of the Property covered by this Deed of Trust to the person entitled thereto or upon satisfaction of the obligation secured and written request for reconveyance made by Grantor and the Beneficiary together, or the persons entitled thereto.

14. In the event of a default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, Grantor and Beneficiary agree to communicate and work in good faith to resolve the issue of any delinquent payment or other charges, including the failure to pay the Promissory Note at maturity, and Beneficiary agrees to provide to Grantor a right to cure by demanding the specified sums required under the Promissory Note to bring said payments current, including the principal, interest, and any late charges or fees (the "Right to Cure"). Beneficiary shall give Grantor not less than sixty (60) days under the Right to Cure, but in no event less than the time required by law. Then upon a failure by Grantor to Cure its default, at the option of Beneficiary, the entire indebtedness evidenced hereby shall become immediately due and payable and all such amounts, including accrued but unpaid interest, shall thereafter bear interest at the rate of current prime rate plus 2%, not to exceed ten percent (10%), per annum. Failure by Beneficiary to exercise this option shall not waive the right to exercise the same in the event of any subsequent default by Grantor. Grantor expressly has the right to reinstatement upon the payment of all delinquent payments plus late charges and other costs provided for in the Promissory Note to bring the loan current.

15. In the event of written request for sale by Beneficiary after an un-Cured default, Trustee shall sell the Property, in accordance with the Deed of Trust Act of the State of Washington (as amended), at public auction to the highest bidder. Any person except Trustee may bid at the 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 fees; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to Grantor.

16. 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 convey at the time of its execution of this Deed of Trust, and such as Grantor 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 purchasers and encumbrancers for value.

17. 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 judicially.

18. In the event of the resignation of Trustee, 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 any other action or proceeding in which Grantor, Trustee or Beneficiary shall be parties, excepting the transaction

covered by this deed, unless such action or proceeding is brought by the Trustee.

19. 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, successors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.


20. As set forth in the Note, Grantor's execution of this Deed of Trust is based on Beneficiary's agreement that Grantor retains the right to subdivide the Property while encumbered by this Deed of Trust. In the event the Property is subdivided, and Grantor elects to sell subdivided lots portioned from the Property to a bona fide purchaser for value, Beneficiary shall execute a partial reconveyance of the Deed of Trust unencumbering the subdivided parcel(s) to be sold, leaving undisturbed the encumbrance of this Deed of Trust on all remaining portions of the Property. The proceeds of any such sale shall first go to the payment of all customary and reasonable realtor fees, closing costs, and excise taxes, and next to the payment of any amounts currently due under the Note, in an amount equal to fifty percent (50%) of the net proceeds of such sale of subdivided lots. Except as otherwise set forth herein, Beneficiary shall have priority of net sale proceeds to be applied to outstanding amounts owed under the Note (of the 50% of net proceeds, 50% each per Beneficiary until outstanding amounts due under the Promissory Note are paid in full).

21. In the event Grantor makes any transfer of title to the Property, in its entirety, while subject to this Deed of Trust, all sums secured hereby shall become immediately due and payable, at the option of the Beneficiary. A "transfer of title" shall include a transfer by real estate contract, vendee's assignment, deed, forfeiture, foreclosure, sheriff's sale, trustee's sale, deed in lieu of any such involuntary sale or lease with purchase option or for a term in excess of three (3) years (including extension of options). A "transfer of title" shall not include a conveyance to an entity wholly owned by Grantor, or a lease or other transfer of possession of the Property without options to purchase the Property or any interest therein.

*[Signature Page to Follow]*

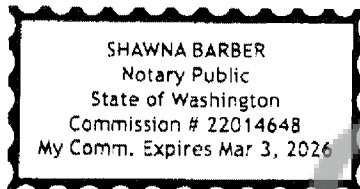
GRANTOR:

Kanati Falls Ranch, LLC

  
By: Mark Engleman  
Its: Sole Member/Manager  
Dated: 31 Aug 23

STATE OF WASHINGTON     )  
  ) ss.  
County of Clark            )

I certify that I know or have satisfactory evidence that Mark Engleman is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the sole Member/Manager of Kanati Falls Ranch, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.



  
NOTARY PUBLIC FOR WASHINGTON