

37428

BOOK 60 PAGE 247

Loan. No. 32884

WI-538

MORTGAGE

Dated: April 7, 1984

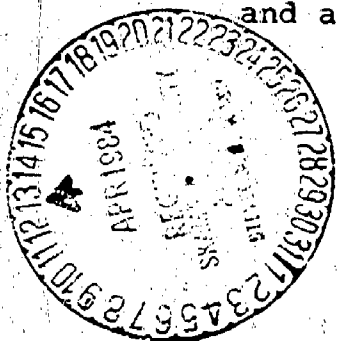
By: KNAPPTON CORPORATION, a Delaware corporation  
("Borrower"), whose address is 9030 N.W. St. Helens  
Road, Portland, Oregon 97231

To: UNITED STATES NATIONAL BANK OF OREGON, a national  
banking association ("Bank"), whose address is  
Commercial Banking Division, 321 S.W. Sixth Avenue,  
Portland, Oregon 97204

For a valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower does hereby mortgage, grant, bargain, sell, assign and convey unto Bank the "Real Property" situated in Skamania County, Washington, legally described on Exhibit A, which is attached hereto and by this reference incorporated herein, together with the tenements, hereditaments and appurtenances now or hereafter belonging thereto and the proceeds, rents, issues and profits therefrom.

This conveyance is intended as a mortgage to secure performance of (a) the covenants and agreements hereinafter made, (b) payment of the sum of \$21,240,928, together with interest on the unpaid balance thereof, in accordance with promissory notes of even date herewith ("Instrument") on or before April 20, 1987, any and all renewals and extensions thereof whether or not evidenced by new or additional instruments, and (c) all other present or future debts, liabilities or obligations of any kind or nature, direct or indirect, of Borrower to Bank, including, but not limited to, all advances, costs, expenses and reasonable attorney fees at trial or on appeal incurred by Bank in servicing and enforcing the debts, obligations and liabilities of Borrower and in preserving, handling, protecting, collecting, foreclosing, disposing and otherwise realizing on any and all security therefor, including Real Property. The interest rate, payment terms or balance due on the Instrument may be indexed, adjusted, renewed or renegotiated.

Borrower represents and warrants that (a) Borrower now is the owner of Real Property in fee simple and has the right and authority to mortgage Real Property as provided herein, and



(b) Real Property now is free and clear of all liens and encumbrances except those stated on Exhibit B, which is attached hereto and by this reference incorporated herein.

This mortgage, and the warranties, covenants and agreements made herein, shall bind Borrower and Borrower's successors and assigns and inure to the benefit of Bank and Bank's successors and assigns.

Borrower hereby makes the following covenants and agreements:

1. Borrower will pay the debts and liabilities secured by this mortgage promptly when due and strictly and punctually perform all additional obligations, covenants and agreements that are contained in this mortgage, the Instrument and any other applicable instrument or agreement between Borrower and Bank.

2. Borrower will (a) pay all taxes, assessments and other charges of every nature (including utilities) which may be levied or assessed upon or against Real Property, or any part thereof, when due and payable according to law, (b) promptly pay and satisfy as and when required all construction liens and other liens or encumbrances that are or might by operation of law or otherwise become a prior lien on Real Property, (c) promptly and fully comply with all existing and future laws, orders and regulations of all governmental bodies that affect Real Property or the use thereof, (d) defend Bank's rights against any and all liens and encumbrances, and (e) hold Bank harmless from all costs incurred in connection with such taxes, assessments, charges, compliance with governmental requirements, liens and encumbrances.

3. Borrower will (a) keep all improvements on Real Property in good order and repair, (b) not commit or suffer any waste of Real Property and (c) not do or allow any act or omission, including removal or alteration of improvements, which will materially reduce the security value of Real Property.

4. Borrower will keep all improvements now or hereafter on Real Property insured against loss or damage by fire with extended coverage indorsement by a responsible insurance company satisfactory to Bank in an amount equal to the full replacement value of the improvements. The insurance policy shall name Borrower, Bank and the holder of any prior mortgage or trust deed insured parties as their respective interests may appear and provide that such insurance coverage will not be canceled without at least 15 days' prior written notice having been given to Bank. Borrower will give prompt

notice to Bank of any insured or uninsured casualty. In the event of any condemnation under the power of eminent domain or insured casualty, all proceeds may, at the option of Bank and the holder of any prior mortgage or trust deed, be applied either to repairs, restoration or replacement of improvements or to payment of the debts secured by this mortgage and any prior mortgage or trust deed. Bank is hereby appointed Borrower's agent to collect, apply and disburse all proceeds payable as a result of either condemnation or insured casualty.

5. Borrower will afford Bank the right to enter upon and inspect Real Property at all reasonable times.

It is agreed that, if Borrower allows insurance coverage to expire or fails or refuses to pay taxes, assessments, charges, liens or encumbrances or to comply with governmental requirements, Bank may, but shall not be required to, procure, pay or perform the same and the amount of such payment or cost of such procurement or performance, together with interest thereon at the rate provided for in the Instrument, shall be immediately due and payable by Borrower to Bank and secured by the lien of this mortgage.

If Borrower shall pay the debts and liabilities secured by this mortgage and shall fully satisfy and comply with the covenants and agreements contained in this mortgage, the Instrument and any other applicable instrument or agreement, then this conveyance shall be void, but otherwise it will remain in full force and effect as a mortgage to secure the payment of the debts and liabilities of Borrower as and when due and the performance of the covenants and agreements contained herein and in any other applicable agreement.

Time is of the essence. If (a) Real Property is destroyed or substantially damaged or the security value thereof materially reduced; (b) Borrower or any other maker of the Instrument shall fail to make any of the payments provided for in the Instrument promptly when due or Borrower shall fail to satisfy and discharge Borrower's other debts and liabilities when due to Bank or Borrower shall fail to perform any covenant or agreement contained herein or in any other applicable agreement within ten days after receipt of written notice of failure to perform the same; (c) Borrower shall sell or transfer Real Property or any interest therein voluntarily, involuntarily or by operation of law without the prior written consent of Bank, or (d) Borrower or any other maker of the Instrument becomes insolvent or unable to pay debts as they mature, makes an assignment for the benefit of creditors or petitions for or becomes the subject of any federal or state law receivership, insolvency, liquidation or reorganization proceeding or case, then Borrower shall be in default hereunder.



and Bank shall have the option to declare all debts and liabilities of Borrower to Bank immediately due and payable and this mortgage by reason thereof may be foreclosed at any time thereafter; provided, however, that Borrower shall not be deemed in default hereunder by reason of failure to pay any taxes, assessments, liens or other charges levied, assessed or imposed upon or against Real Property when due and payable so long as Borrower is contesting such taxes, assessments, liens or charges in good faith by appropriate means and Borrower provides to Bank assurances satisfactory to Bank (including cash deposits or bonds) that Bank's interests will not be jeopardized as a result of the contest.

This mortgage, without affecting its validity as a real estate mortgage, is also executed and shall be construed as a security agreement under Article 9 of the Uniform Commercial Code-Secured Transactions granting to Bank a security interest in all personal property and fixtures located on or used in connection with Real Property and an assignment to Bank of any "contract vendor," "lessor" or similar interest of Borrower in and to Real Property and the income therefrom. In addition to the rights and remedies provided herein, Bank shall have all the rights and remedies granted by Article 9 of the Uniform Commercial Code; and reasonable notice, when notice is required, shall be ten days. Borrower covenants and agrees to execute and file financing statements and similar instruments deemed necessary or desirable by Bank to perfect, continue and renew said security interest and assignment.

No covenant, agreement or condition of this mortgage shall be deemed waived unless expressly waived in writing by Bank. The failure of Bank at any time to require strict performance by Borrower of any covenant, agreement or condition shall not estop or otherwise affect Bank's right to enforce the same nor shall any acceptance of partial payment on account, waiver or forbearance by Bank be held to be a waiver of Borrower's default or the covenant, agreement or condition itself or any future failure to perform the same.

Bank shall not unreasonably withhold consent to any sale or transfer (including lease for a term of one year or more) of Real Property; provided, however, that Bank may withhold consent to sale or transfer unless and until Bank has been reimbursed for all costs and fees, including a reasonable attorney fee, incurred in connection with the consent and Borrower has agreed to remit all net proceeds of sale to Bank. Notwithstanding the foregoing, Bank shall not be obliged to consent to any transfer or sale where the consideration given is not money or its equivalent. Whenever any notice, demand, or request is required by the terms hereof or by any law now in existence or hereafter enacted, the notice, demand or request

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shall be sufficient if actually furnished to Bank or mailed to Borrower by certified mail, return receipt requested, in a postpaid envelope addressed to the last address of Borrower shown in Bank's records.

In the event civil action is instituted to foreclose this mortgage, which results in judgment against Borrower, Borrower agrees to pay all costs and disbursements allowed by law and such sum as the trial judge or appeal court may adjudge reasonable as attorney fees in such action, together with reasonable costs incurred by Bank for title reports and title search, all such sums to be secured by the lien of this mortgage and included in the decree of foreclosure. As a material inducement to Bank, Borrower covenants and agrees that Bank, either directly or through a receiver appointed by a judge of the circuit court for the county in which Real Property is located, may take possession of Real Property upon Borrower's default hereunder (whether or not the apparent value of Real Property exceeds the alleged debts and liabilities of Borrower to Bank), collect the rents and profits therefrom and apply the same, after payment of costs, charges and expenses, to the payment of amounts due to Bank. Any receiver appointed may serve without bond.

IN WITNESS WHEREOF Borrower has executed this mortgage as of the date first above written.

KNAPPTON CORPORATION

By

Edward H. Ball, President

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STATE OF OREGON )  
 ) SS  
COUNTY OF MULTNOMAH )

The foregoing instrument was acknowledged before me  
this 14th day of April, 1984, by Eduardo S. Ball,  
President of Knappton Corporation, a Delaware  
corporation, on behalf of the corporation.

NOTARY PUBLIC

Beth M. Fico

Notary Public for Oregon  
My commission expires: 9-14-85

After recording, return to:

United States National Bank  
of Oregon  
Commercial Banking Division  
321 S.W. Sixth Avenue  
Portland, Oregon 97204

STATE OF WASHINGTON )  
COUNTY OF KING )  
I HEREBY CERTIFY THAT THE WITHIN

INSTRUMENT WAS BY  
Shaw Co. Title Co.  
OF Stencerson Sta.  
AT 11:15 4-13-84

WAS IN BOOK 60  
PAGE 247

RECORDED IN THE COUNTY WITH

Gary M. Allen  
CLERK  
E. M. M. M. M. DEPUTY

BOOK 60 PAGE 253

Loan No. 32884

Skamania County,  
Washington

Pierce Island

Government Lots 1 and 2 of Section 32, and Government Lots 6 and 7, Section 25, all in Township 2 North, Range 6 East of the Willamette Meridian in Skamania County, Washington.

Wind River

All of Lots 7, 8, 9, 10, 13 and 14; and the south halves of Lots 11 and 12; of Block One of the TOWN OF STEVENSON according to the official plat thereof on file and of record at page 11 of Book A of Plats, Records of Skamania County, Washington; and

Lots 17, 18, 19, 20, 21, 22, 30, 31 and 32 of Block One of the TOWN OF STEVENSON according to the official plat thereof on file and of record at page 11 of Book A of Plats, Records of Skamania County, Washington; and

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31 and 32 of Block One of RIVERVIEW ADDITION TO THE TOWN OF STEVENSON according to the official plat thereof on file and of record at page 21 of Book A of Plats, Records of Skamania County, Washington; and

Lots 3, 4, 5, 6, 7 and 8 of Block Three of RIVERVIEW ADDITION TO THE TOWN OF STEVENSON according to the official plat thereof on file and of record in the office of the Auditor of Skamania County, Washington; EXCEPT that portion thereof which lies within the right of way of the Spokane, Portland & Seattle Railway Company; and

That portion of the shorelands in Section 1, Township 2 North, Range 7 E. W. M. covered by the Stevenson Wharf at the front of Russell Avenue of the Town of Stevenson according to the plat thereof on file in the office of the Auditor of Skamania County, Washington, the said land hereby conveyed being a 48 foot frontage each side of said Russell Avenue, projected, and having a total frontage of 160 feet on the Columbia River and being the same property described in that certain deed from Francis W. Kale and Edith Kale, his wife, to Stevenson Wharf Company as described in Book H of Deeds, page 142, Records of Skamania County, Washington; and

EXHIBIT A



Commencing at the southeast corner of the Town of Stevenson, according to the plat thereof on file and of record in the office of the County Auditor of Skamania County, Washington; thence running north  $55^{\circ} 30'$  east 637 feet along the south line of Riverview Addition to the Town of Stevenson; thence south to the meander line of the Columbia River; thence following the meander line of the Columbia River in a westerly direction to intersection with the east line of Russell Street; thence northerly along the east line of Russell Street to intersection thereof with the south line of the Town of Stevenson; thence north  $55^{\circ} 30'$  east along the south line of the Town of Stevenson to the point of beginning; EXCEPTING, however, right of way for a road heretofore granted to Skamania County; and

Lots 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22 and 23 of Block Two of RIVERVIEW ADDITION TO THE TOWN OF STEVENSON according to the official plat thereof on file and of record in the office of the Auditor of Skamania County, Washington;

TOGETHER WITH all right, title and interest of the Grantor, if any, in vacated streets and alleys abutting upon the above described real property;

SUBJECT TO general taxes for 1973; and

SUBJECT TO a cemetery 40 feet by 60 feet in size reserved by R. N. Shepard, a single man, and by James Shepard and S. M. Shepard, his wife, in deed dated October 23, 1900, and recorded November 2, 1900, at page 154 of Book G of Deeds, Records of Skamania County, Washington; and

SUBJECT TO flowage easements granted to the United States of America to overflow the real estate under search with the backwaters formed by the Bonneville Dam; and

SUBJECT TO the effect of the municipal ordinances of the Town of Stevenson, Washington, including Ordinance No. 605 imposing a sewer assessment on the real estate under search.

Drano Lake

Lot 2, Section 26, Township 3 North, Range 9 East of the Willamette Meridian, Skamania County, Washington. All of the above lying above 83.1 feet mean sea level.

EXHIBIT A