

97444

BOOK 6 PAGE 840

SUBLEASE

Sublease made December 15, 1983, between JOHN W. BENSON and DONNA J. BENSON, husband and wife, herein referred to as sublessee, GENE SELLMAN and RENATE SELLMAN, husband and wife, herein referred to as lessee, and WATER FRONT RECREATION, INC., herein referred to as lessor.

RECITALS

1. Lessor, by lease dated October 29, 1974, lease to lessee the premises located and described as follows:

Lot 53, the North Woods, a subdivision of lots, which subdivision is more particularly described as follows:

Government Lots 4 and 8 of Section 26, Township 7 North, Range 6 East, W.M.; consisting of 88.40 acres, more or less, according to the government survey thereof, EXCEPT that portion thereof consisting of Lots 1 through 111 identified on a Record of Survey recorded July 2, 1971, at page 306 of Book J of Miscellaneous Records, under Auditor's File No. 73635, Records of Skamania County, Washington.

2. The lease provides that lessee shall not sublet the premises, or any part thereof, or assign the lease or any interest therein without the consent of lessor.

3. Lessee and sublessee desire that lessor consent to a sublease of the whole of the above-described premises.

In consideration of the mutual covenants contained herein the parties agree as follows:

Lessor consents to the sublease requested, provided that sublessee shall be bound by each and every covenant and condition contained in the lease, a copy of which is attached hereto as Exhibit "A", and incorporated herein by reference.

The term of this sublease shall be for a period of five (5) years, commencing on December 16, 1983 and terminating on December 15, 1988 unless sooner terminated by breach of the terms and conditions of this agreement.

Sublessee shall perform all the covenants and conditions contained in the lease to be performed by lessee except the payment of rent to be made by lessee to lessor, and sublessee shall be and is bound by each and every covenant and condition contained in the lease.

Neither the subleasing of the above-described premises nor anything contained in this agreement shall release lessee from the obligation to perform and be bound by all the covenants and conditions contained in the lease.

SUBLEASE - 1



No. N/A
TRANSACTION EXCISE TAX
APR 13 1984
Amount Paid N/A
By Skamania County Treasurer

INCORPORATION OF ORIGINAL LEASE
PROVISIONS INTO SUBLEASE
SUBLESSEE'S RIGHT TO CURE DEFAULT

Sublessee hereby acknowledges that lessee is now leasing the subject property from lessor under a basic lease dated October 29, 1974, which basic lease is incorporated herein by reference as fully as if the terms and provisions thereof were set forth in full herein, and sublessee agrees to assume and be bound by the same responsibilities, rights, privileges, and sublessee shall fully indemnify lessee against any responsibility or liability that lessee may incur by virtue of this sublease or the occupancy by sublessee of the demised premises pursuant to the basic lease dated October 29, 1974, as incorporated herein. Sublessee shall add to this sublease any amendment, revision, supplement, or addition to the lease between lessee and lessor and keep lessee indemnified against all actions, claims, and demands whatsoever in respect to the covenants, conditions, and stipulations in the basic lease agreement.

Sublessee shall have the right at any time, at the expense of lessee, to take any action required of lessee under the lease of October 29, 1974, that lessee fails to perform in a timely manner and that may be necessary to prevent a default under the terms of that lease.

In the event that lessee shall have the right to proceed against, or to otherwise enforce any rights against lessor, or any other party, under the lease dated October 29, 1974, due to the default of lessor or another party, and lessee fails, within a reasonable period after written request by sublessee, to enforce the rights, sublessee shall have the right, except as otherwise provided herein, whether in his own name or in the name of lessee, to enforce any rights of lessee. Sublessee's enforcement of any rights shall be at his own expense, and he shall indemnify lessee against all expenses, including reasonable counsel fees, that lessee may incur in connection with any proceeding so undertaken by sublessee. From any damages or other amount of recovery obtained by sublessee, lessee shall be compensated for any injury or loss sustained by him as a consequence of the default by lessor or any other party, and the amount recovered shall otherwise be the property of sublessee.

CONDITIONAL LIMITATIONS ON SUBLEASE
DEFAULT - REMEDIES

Lessee may give to sublessee, or to any receiver or trustee of sublessee, notice of default, if during the term of this sublease:

Sublessee shall default in fulfilling any of the terms or conditions contained in the lease to be performed by lessee.

At the expiration of twenty (20) days after the service of the notice, the default on which the notice was based shall be cured, or in the case of a default that cannot be cured within twenty (20) days by sublessee, sublessee shall proceed promptly and with due diligence, after the service of notice, to cure the defect.

If the default is not cured within the time limitations above, lessee may give to sublessee a notice of lessee's intention to end the term of the sublease at the expiration of a ten (10) day period from the date of the service of the second notice, and at the expiration of the ten (10) days, the term of this sublease, and all

right, title and interest of sublessee shall expire as fully and completely as if that day were the date herein specifically fixed for the expiration of the term, and sublessee will then quit and surrender the demised premises to lessee.

If any default shall occur and the default shall occur for the applicable period therein specified, lessee, at the option of lessee, may, but shall not be obligated to, make the payments so in default or comply with the term or condition that is the subject of default, and the amounts expended by lessee, with interest thereon from the date of expenditure, shall become due and payable by sublessee as additional rent with the next or any subsequent instalment of net rent that shall become due after the expenditure by lessee, and lessee shall have the right to enter the demised premises for the purpose of correcting or remedying the default and to remain therein until the same shall have been corrected or remedied. Any expenditure by lessee shall not be deemed to waive or release a default by sublessee, or the right of lessee to take any action that may be permissible hereunder as in the case of default in the payment of net rent.

Subleasee, during the term of this sublease, agrees to fulfill and abide by all the terms and provisions of the Bylaws and other governing documents of The Northwoods Association, including the payments of dues and assessments.

Upon payment in full by subleasee of the purchase price of the cabin which is located on the leased land, lessee shall assign its entire interest in the Lease, marked Exhibit "A" to subleasee, provided the subleasee is not in default under this Sublease. Lessor hereby agrees that it will consent to said assignment and at that time release lessee from all liability under the Lease, provided sublessee has complied with the conditions of this sublease and does not have a history of defaults or late payments under this Sublease.

Lessee also hereby subleases to subleasee all its rights under The North Woods Association Boat Mooring Slip Lease Agreement, marked Exhibit "B", attached hereto and incorporated herein by reference, and will also assign all rights to such Lease Agreement to subleasee at the same time this, the basic lease for the land is assigned as set forth in the above paragraph.

Sublessee acknowledges that they have reviewed the Disclosure Statements received by lessee when lessee leased Lot 53, and also is aware of pending litigation with the developer, Water Front Recreation, Inc., and the status of that litigation and enters into this lease and also the purchase of the cabin located on the leased property, fully aware of these matters. Subleasee agrees that they will have all rights to vote on such matters and will be entitled to all the rights as well as obligations arising out of any settlement or final resolution of the litigation.

Any default under the terms and provisions of Installment Sale and Security Agreement of even date executed by the parties shall be considered to be a default under this sublease.

Ronald Seltman
Lessee
Ronald Seltman
lessee

John W. Benson
Subleasee
Diana J. Benson
Subleasee

WATER FRONT RECREATION, INC.
By: Barbara Wald
Lessor

STATE OF WASHINGTON)
: ss.
County of Clark)

On this day personally appeared before me JOHN W. BENSON and DONNA J. BENSON, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 15 day of December, 1983.

[Signature]
Notary Public in and for the State of Washington, residing at Vancouver.

STATE OF WASHINGTON)
: ss.
County of Clark)

On this day personally appeared before me GENE SELLMAN and RENATE SELLMAN, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 15 day of December, 1983.

[Signature]
Notary Public in and for the State of Washington, residing at Vancouver.

STATE OF OREGON)
: ss.
County of Multnomah)

On this 27th day of March, 1984, before me, the undersigned, a Notary Public in and for the State of Oregon, duly commissioned and sworn, personally appeared [Signature], to me known to be the [Signature] of the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

[Signature]
Notary Public in and for the State of Oregon; residing at [Address]

My Commission Exp. No: 5-28-87

CABIN SITE LEASE

WATER FRONT RECREATION, INC., a Washington corporation, hereinafter called Lessor, in

consideration of the rents to be paid and covenants to be performed by _____

Gene & Renate Sellman

hereinafter called Lessee, leases to Lessee the following described cabin site on the terms and conditions stated herein:

Cabin site number 53 of the North Woods as shown in red on Exhibit "A" attached hereto (all distances being approximations), being part of Government Lots 4 and 8, Section 26, Township 7 North, Range 6 East, W.M., Skamania County, Washington, SUBJECT, however to an easement for right of way for access road acquired by the United States of America, United States Forest Service.

SECTION 1. OCCUPANCY

1.01 Term. This Lease is granted for the period beginning October 29, 1974, and terminating on June 1, 2025, unless sooner terminated as hereinafter provided.

1.02 Master Lease. Lessor holds the above-described premises under a lease, hereinafter referred to as the "master lease," dated August 11, 1970, from the State of Washington, acting by and through the Department of Natural Resources.

1.03 Master Lease Incorporated. The master lease is on file with Lessor and is available for inspection. Lessee's rights hereunder are subject to all the terms, provisions, exceptions and reservations set forth in said master lease (as to which Lessee is a sub-lessee) and incorporated herein by reference, including, without limiting the foregoing an easement for right of way for an access road acquired by the United States of America, United States Forest Service and the right of the State of Washington to inspect the premises at reasonable times.

SECTION 2. RENTAL

2.01 Basic Rental. As rental for each lease year, the Lessee shall pay the sum of Four Hundred Dollars (\$ 400.00). Rent shall be paid in advance, on the first day of September in each year, hereinafter referred to as the "anniversary date." All payments shall be made to Lessor at ~~1000 N.W. Canyon Road, Portland, Oregon~~, or at such other place at which the Lessor may notify the Lessee in writing. Rent for the fraction of any lease year shall be prorated. The lease year shall be from September 1 through the succeeding August.

2.02 Rent Adjustments. Lessor may, as of any anniversary date, increase the annual rental as follows:
(a) Under the master lease, Lessor's rental to the State of Washington may be increased on June 1, 1980, and at intervals of not less than ten (10) years thereafter. Lessor may increase Lessee's rental hereunder at such times as Lessor's rental under the master lease is increased. The amount of such increase that the Lessee shall be responsible for and required to pay shall equal the total rental increase under the master lease to Lessor multiplied by the Lessee's annual rental to the Lessor divided by the total annual rental of the Lessees of the sites in the North Woods. Annual rental as used herein shall mean the total rent the Lessee is required to pay to Lessor for the year immediately preceding the year of the increase. The aforesaid formula is illustrated as follows:

$$\text{Lessee's share of increase} = \frac{\text{Increase under master lease to Lessor}}{\text{Total annual rentals of sites}} \times \text{Lessee's annual rental}$$

(b) In addition to the increase permitted under subparagraph (a) above, Lessor may as of any anniversary date, increase the annual rental hereunder on account of taxes and assessments against said real property in an amount, which together with prior increases on account of taxes and assessments, shall not exceed the total of the amount by which taxes and assessments on the land covered by the master lease exceeds such taxes for 1970, divided by the number of improved cabin sites on said anniversary date.

(c) Finally, every ten years beginning September 1, 1980, the annual rental shall, at the option of the Lessor, be adjusted to reflect the percent of increase from September 1, 1970, in the Consumer Price Index as published by the Bureau of Labor Statistics, U.S. Department of Labor; that is, the annual rental each year for the succeeding ten years shall be increased as compared with the annual rental as set forth herein by the same percentage as the increase in said Consumer Price Index differs from said Index for September 1, 1970.

SECTION 3. LESSOR'S COVENANTS

3.01 Declaration. In order to preserve the natural beauty of the North Woods, to provide for the control of structures erected thereon, improvements to be made thereon, and for the purpose of extending to the residents therein the greatest possible peace, enjoyment, privacy, health, comfort, safety, and preservation of property values, Lessor does hereby certify and declare that with the sole exception of lot 19, which is the North Woods Sales Office, the following reservations, conditions, covenants, agreements and restrictions shall become and are hereby made a part of all leases of property within the plat of the North Woods as the same appears on the map survey recorded in the office of the County Auditor of Skamania County, Washington.

3.02 Boat Dock. Lessor shall construct a boat dock for the common use of residents of the North Woods. In the event construction of said boat dock is not completed by September 1, 1972, it is hereby agreed that in lieu of such construction, Lessor shall contribute \$5,000.00 to the North Woods Association, hereinafter described in paragraph 5.09, for construction of such dock.

SECTION 4. USE OF SITE

4.01 Permitted Use. The cabin site shall be used only for residential purposes. No building shall be erected, altered, placed, or permitted to remain on the cabin site other than one detached single family dwelling and buildings incidental to residential use, and the cabin site shall not be further subdivided into building lots.

4.02 Condition of Site. The premises hereby leased have been inspected by Lessee and are accepted in their present condition.

4.03 Vehicles. No vehicles shall be parked in roadways. Vehicles shall not be operated carelessly or in excess of posted speeds. No vehicle shall be operated at any time without a muffler in good working order. Excessive motor noise or annoying smoke are forbidden.

4.04 Maintenance. All lots shall at all times be kept in a clean, sightly, and wholesome condition and no trash, garbage, litter, junk, boxes, containers, bottles, cans, machinery, implements, lumber, or other building materials shall be permitted to be or remain exposed on any lot and visible from any street or adjoining or nearby premise.

4.05 Signs. No signs of any kind shall be displayed to the public view on any lot in the tract except one professional sign, of not more than 18 inches by 24 inches in size, advertising the property for sale or rent, and except signs used by a builder or developer to advertise the property during the construction and sales period.

4.06 Nuisance. No noxious or offensive trade or activity shall be carried on or upon any lot in the tract nor shall anything be done thereon which may be or become an annoyance or nuisance in the area.

SECTION 5. IMPROVEMENTS continued

4.07 Animals. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any lot, except that cats, dogs, or other household pets may be kept, but not for any commercial purpose. Household pets shall not be allowed to become an annoyance or nuisance to the neighborhood.

4.08 Incineration. Because of unpleasant odors and unsightliness, no individual incinerator will be permitted on any lot.

4.09 Fires and Fireplaces. Interior fireplaces, stoves, or other type burner must be fireproofed by use of sparkproof screens. All fires must be extinguished before leaving cabin. No fires shall be lit or maintained outside of any cabin.

4.10 Firearms and Fireworks. Discharging firearms, firecrackers, rockets or any other fireworks within the North Woods area shall be prohibited.

4.11 Commercial Use. No platted lot shall be used for any commercial purpose, except that a Lessee may rent his cabin from time to time, and in such case shall be responsible that his tenants abide by these covenants.

4.12 Motorbikes. No motorbike or motorcycle riding of any nature shall be allowed except for ingress and egress.

4.13 Fire Extinguisher. One fire extinguisher (minimum two quart capacity) must be kept in every cabin.

4.14 Trailers and Tents. No tent, house trailer, or mobile home, whether the same be on wheels or not, shall be permitted on any lot except during the period of cabin construction and for guests over a weekend period.

4.15 Solicitation. There shall be no solicitation or distribution of handbills or circulation of any kind without the written consent of Lessor.

4.16 Hose Bibs. One hose bib shall be installed on outside wall of each cabin for fire protection on or before completion of the cabin.

SECTION 5. IMPROVEMENTS

5.01 Plans Approved. No building shall be erected, placed, or altered on the cabin site until the construction plans showing the location of the structure have been approved by the Lessor as to conformity with plan of development, quality of workmanship and materials, harmony of external design and color with existing structures, and as to location with respect to topography and finish grade elevation. Such approval shall be in writing.

5.02 Building Materials. All building construction shall be of log or wood frame. Wood frame stucco or simulated brick veneer construction is expressly prohibited. All roofs shall be of wood shingle or shake, or of an acceptable composition — color to be approved prior to application by the Lessor or such person or persons designated by Lessor.

5.03 Completion. Cabins must be completed from all outward appearance within one (1) year from the time such construction is started. Cabin construction must be started within three years from the date of the signing of Cabin Site Lease.

5.04 Tree Removal. The Lessee of each cabin site may remove from said site all trees, shrubs, and foliage necessary to prepare the property for building subject to the following conditions:

As required by the State of Washington in the master lease, any tree whose diameter is over 8" at chest height must be marked by Lessee for Lessor's inspection. Lessor will then notify the Washington State Department of Natural Resources and request their standard appraisal of value. Lessee will then pay Lessor for the value of the tree before removal. Any additional clearing beyond that necessary for the construction of improvements shall be prohibited. The intent is to remove as few trees as possible to the end that the community remain natural and rustic.

5.05 Lot Markers. Lessee will use all reasonable care to make certain that the lot markers, as established by Lessor, are not moved or destroyed.

5.06 Improvements Other Than On Cabin Site. No improvements of any kind shall be constructed or placed upon any area covered by the master lease without Lessor's prior written consent.

5.07 Ownership of Improvements. The master lease provides as follows:

8.04 Ownership of Sub-lessee Improvements. All buildings and improvements, excluding removable personal property and trade fixtures on the leased site [North Woods] erected by Sub-lessee [Lessee herein] will remain on said site after expiration of this lease [master lease] or termination prior to the term of this lease [master lease] of any sub-lease [this lease] held by the State under the provisions of paragraph 5.09; provided, however, upon the expiration of the lease [master lease], if the State is unsuccessful in re-leasing the leased site [North Woods], as a unit, then each sub-lessee [Lessee herein] shall have a preferential right as allowed by law to re-lease from the State its sub-leased area; provided, further, upon the termination or expiration of this lease [master lease] or a sub-lease [this lease] assigned under paragraph 5.09 that as a condition of any re-lease of the leased site or sub-leased site to any other party made during the three year period following the State shall require the subsequent Lessee to purchase the Sub-lessee's [Lessee herein] interest in the improvements as allowed by law. Expiration, as used in this paragraph, shall mean the expiration of the lease as of May 31, 2025."

The parties hereto agree that the terms and conditions of the above quoted paragraph shall be applicable provided:

(a) That Lessee is not in default under any of the terms and conditions of this lease; and

(b) That Lessee's lease expires May 31, 2025. In the event of earlier expiration of this lease, all buildings and improvements located upon the premises shall be the property of Lessor.

The parties hereto further agree that the benefits of paragraph 8.04 of the master lease shall be enforceable solely against the State of Washington.

5.08 Taxes and Assessments. The Lessee shall pay in annual payments all taxes and assessments that are now charged or may become chargeable against the improvements placed upon the cabin site, now or in the future, commencing with the taxes first becoming due and payable after the date hereof, all before such taxes and assessments become past due.

5.09 North Woods Association. The roads in the plat and certain other common areas shall be held in the name of The North Woods Association, a non-profit association, of which the Lessees of lots in the plat shall be members. Said Association shall be responsible for the maintenance and repair of roads, the entire water system including but not limited to water systems serving the cabins on the premises, docks and common areas and improvements thereon (if any), as well as other community functions which may be given it by its members. The owners (Lessees) of lots in the tract shall be required to pay dues of not less than one and one-half dollars (1½) per month and assessments to said Association for their reasonable share of the costs of the functions and duties of the Association. Said dues shall commence at the time 50 lots are leased. It is understood and agreed that Lessor shall and it is hereby delegated to fulfill all duties, responsibilities and functions of the North Woods Association until fifty (50) lots in the North Woods are leased. At that time Lessor shall call a meeting of all Lessees for the purpose of forming said Association.

SECTION 6. UTILITIES

6.01 Sewage. Individual sewage disposal systems installed by Lessee must be designed, located, and constructed in accordance with the legal regulations, laws and ordinances of Skamania County and the State of Washington.

6.02 Reservation. Lessor reserves to itself and to its successors and assigns easements in, under, and along all roads and other common areas in the plat for any utilities whether presently installed or not. In addition, an easement is reserved in an area five (5) feet by ten (10) feet in one corner of each lot (to be selected by Lessor) adjoining the road, for electric transformer vault and/or telephone and power service pedestals if any. And the assignment of the lease as to each individual lot shall be subject to the right to cross over or under the same along the lot lines, with utility lines if such may be necessary in the development of this subdivision or adjoining subdivisions.

6.03 Water. Each cabin site has or will be furnished water at or near the lot line. Each lessee agrees to receive water from the water system supplying the North Woods and further agrees to pay Lessor \$225.00 for the right to connect to said system.

6.04 Maintenance. The Lessee shall bear the responsibility and expense of furnishing, installing, back-filling, and maintaining each underground trench or other digging upon such cabin site which is necessary for any utility connections or facilities to serve such cabin site.

SECTION 7. MISCELLANEOUS

7.01 Lessee's Duties. Lessee agrees to comply strictly with the Lessor's rules and regulations and all applicable Federal, State, County, and Municipal laws, rules and regulations relating to all activities contemplated under this lease, including but not limited to, use of public or private roads, parking, fire and prevention of fire, public health, and pollution of streams or lakes, and to assume all obligations thereby imposed upon the Lessor. Lessor may inspect the cabin site and cabin at any time to determine compliance with the terms of this lease.

7.02 Indemnification. Lessee hereby agrees to assume all risk of, and indemnify and hold harmless, and at the Lessee's expense, defend the Lessor from and against, any claims, loss, cost, legal actions, liability or expense on account of personal injury to or death of any persons whomsoever, including but not limited to employees of the Lessor, or damage to or destruction of property to whomsoever belonging, including but not limited to property of the Lessor which might result from Lessee's activities on the leased premises. The Lessee further agrees to indemnify and save harmless the Lessor from any loss, cost, suit or expense resulting from Lessee's failure to comply with any of the provisions of any applicable laws, rules or regulations.

7.03 Insurance. Lessee shall obtain fire, casualty and liability insurance as follows:

(a) Fire and casualty insurance in a sufficient amount to cover the replacement cost of any or all improvements upon the leased premises. Such insurance shall be carried by a responsible company or companies satisfactory to Lessor and the policy or policies shall be endorsed and delivered to Lessor with provision for thirty (30) days' notice of cancellation to Lessor.

(b) Liability and property insurance insuring Lessor and Lessee against all liability for damages to persons or property caused by the maintenance, use or occupancy of the leased premises or by reason of the conduct of any activity carried on therein. Such insurance shall be carried by a responsible company or companies satisfactory to Lessor in amounts not less than the following limits, namely:

- (1) Bodily injury to or death of any one person, \$5,000.00;
- (2) Bodily injury or death resulting from any one accident to two or more persons, \$10,000.00; and
- (3) property damage, \$1,000.00.

Lessee shall deliver to Lessor certificates and receipts evidencing said policies of insurance and further provide with the company or companies for thirty (30) days' notice of cancellation to Lessor.

7.04 Assignment. Without the prior written consent of Lessor, Lessee shall not assign this lease or any interest therein, or sublet, and no heir, executor, administrator, receiver, trustee in bankruptcy or other assignee by operation of law shall assign or sublease without such written consent.

7.05 Waiver. Any waiver by the Lessor of any provisions hereof must be in writing, and any of the covenants, conditions, restrictions, in this lease may be annulled, waived, changed, or modified with respect to all or any portion of said property by Lessor at any time.

7.06 Attorneys' Fees. In the event any action, suit, proceeding or appeal therefrom is brought to collect the rent due or to become due hereunder, or any portion thereof, or to get possession of said premises, or to enforce compliance with this lease, or for failure to observe any of the covenants of this lease, the prevailing party shall be entitled to recover such sum as the Court may adjudge reasonable as attorneys' fees to be allowed in said suit, action, proceeding or appeal therefrom in addition to such other relief granted by the Court.

7.07 Condemnation. The parties hereto shall receive any sums or damages paid or awarded by reason of any taking, condemnation or acquisition during the existence of this lease as their interests therein shall then appear, whether or not by litigation, by any authority, person or corporation, whether public or private, of any title to or interest in all or any part of the premises.

7.08 Reservoir Level. The Lessee acknowledges by signing this lease that Pacific Power and Light Company has the right to fluctuate the waters of Swift Reservoir at any time within the provisions of Federal Power Commission License No. 2111 or as amended. The Lessee shall waive all claims or damage and shall indemnify Pacific Power and Light Company, the State of Washington, Lessor or their successors, if any, against any claim of damage arising from fluctuation in reservoir level or impairment of recreational use of the reservoir or shoreline or floating facilities.

7.09 Validity of Provisions. The determination of any Court that any provisions of this lease are unlawful or void shall not affect the validity of any other provision hereof.

7.10 Enforcement of Restrictions. Without in any way limiting the rights of Lessor, if the parties upon whom the provisions hereof are binding, or any of them, shall violate or attempt to violate any of the reservations, restrictions or covenants hereof, the Lessor or any lessee of land in the tract, shall have the right to compel performance of or compliance with the provisions hereof, to abate and remove, at the expense of the offending lessee or lessees of the property, any structures or erections in violation of the provisions hereof, to recover damages for any such violation or attempted violation of the provisions hereof and to prosecute any proceedings at law or in equity in furtherance of the aforesaid remedies in any Court having jurisdiction of such cases.

7.11 Reservations on Land. All of the reservations, conditions, covenants, agreements and restrictions shall run with the land and shall be binding on the lessees of all property covered hereby and all parties and persons claiming under them and on all property within the tract.

7.12 Assignment. Without limiting Lessor's right to sell or assign this lease or land, Lessor may assign this lease to a corporation, and if said corporation assumes the obligations of Lessor hereunder, Lessor shall thereby be released of and relieved from any and all obligations under this lease.

SECTION 8. TERMINATION

8.01 Default and Notice. If any default shall be made on the part of the Lessee in the observance or performance of any of the terms, covenants, agreements, or provisions of this lease by him to be observed or performed and such default continues for sixty (60) days after written notice, the lessor may, at its option, immediately terminate this lease, forfeit Lessee's interest therein, and forthwith exclude the Lessee from the premises and from all rights hereunder, but the Lessee shall nevertheless be liable to the Lessor for all liabilities incurred hereunder prior to such termination. Waiver of any default hereunder shall not constitute a waiver of any subsequent default. Service of any notice provided for herein by the Lessor may be made by depositing such notice in the United States mails addressed to the Lessee at

15 N.W. 59th ST. VANCOUVER, W.A. 98665

8.02 Master Lease Termination. It is expressly understood that Lessor has leased the premises from the State of Washington for a period ending June 1, 2025. The master lease provides that in the event it is terminated for any reason whatsoever, prior to the lease termination date, such termination shall operate as an assignment to the State of Washington of this lease together with the unrestricted right of the State to receive payment of the rents herein provided from the date of said assignment.

8.03 Failure to Provide Property Report. Lessee shall have the option to void this lease if he does not receive a property report prepared pursuant to the rules and regulations of the U.S. Department of Housing and Urban Development, in advance of, or at the time of, his signing the lease; and Lessee shall have the right to revoke this lease within 48 hours after signing the lease if he did not receive the property report at least 48 hours before signing the lease. However, this option to void the lease shall not apply where Lessee has received the property report and inspected the lot or lots to be leased in advance of signing the lease and acknowledges by his signature that he has made such inspection and has read and understands such report.

Lessee shall have the option to void this lease if he does not receive a property report prepared and pursuant to rules and regulations of the Oregon Subdivision Control Law ORS 92.210-92.990 in advance of his signing this lease.

Each and every provision of this lease shall bind and shall inure to the benefit of the respective heirs, representatives, successors and assigns of the parties. In the event lessee is more than one person, the liability of such persons hereunder shall be joint and several.

8.04 Easements. As shown on the plat of "The North Woods", 20 feet easements are reserved to the Lessor and its assigns on the water front portions of Lots 16, 17, 18, 19, 20, 21, 22, and 23 for purposes of community boat docks. Said easements shall not prevent lessees of the above lots from developing their own shoreside docks providing such facilities do not interfere with the boat traffic pattern of the community dock system.

Five foot easements are reserved to the Lessor and its assigns on the southerly lot line of Lot 10, and the northerly lot line of Lot 11 for access to the water front. Said access to serve as pathway to boat docks if it is determined by Lessor that additional boat docks are needed to serve "The North Woods" community.

IN WITNESS WHEREOF, the parties have executed this lease, in duplicate, this 29th day of

October, 1974

WATER FRONT RECREATION, INC.

By Walter Curry
Vice President

By Francis E. Fisk
Secretary

LESSOR

Rene Sallman
Jane Sallman
LESSEE

I (we) hereby acknowledge that prior to the signing of this lease, I (we) have received, read, and understand the PROPERTY REPORT prepared pursuant to the rules and regulations of the U.S. Department of Housing and Urban Development (office of Interstate Land Sales Registrations) and the PROPERTY REPORT prepared pursuant to rules and regulations of the Oregon Subdivision control law ORS 92.210 - 92.990. I (we) also acknowledge that I (we) have inspected the lot to be leased.

Rene Sallman
Jane Sallman
LESSEE

EXHIBIT "B"

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NORTHWOODS ASSOCIATION
-BOAT MOORING SLIP LEASE AGREEMENT

I. In consideration of payment of the sum of \$ 300.00, the NORTHWOODS ASSOCIATION, hereinafter referred to as Lessor, leases to GENE AND RENATE SELLMAN of Lot No. 53, hereinafter referred to as Lessee, Boat Slip No. 53 for a period of 12 years, or the life of the slip, whichever is less, beginning May 1, 1976, for the sole purpose of mooring Lessee's boat.

(a) The 12 year period shall be known and referred to as the original lease period.

(b) The rental amount of \$ 300.00 shall be due and payable upon the execution of this lease.

(c) The Board of Directors of the NORTHWOODS ASSOCIATION shall have the sole and exclusive power and authority to determine if the useful life of the slip has terminated prior to the termination of the original lease period. The Board of Directors may declare the useful life of the slip terminated if it becomes a safety hazard, or if it is partially or totally destroyed, by whatever cause.

(d) Lessee shall pay an annual maintenance fee during the original lease period and any extensions or renewals thereof. The annual maintenance fee shall be \$10.00; however, the Board of Directors may increase or decrease the amount of the maintenance fee as necessitated by the cost of maintenance required to the docks

and slips. No later than the 15th day of October of each year, Lessor shall notify Lessee in writing of the amount of the next annual maintenance fee. Said fee shall be due and payable by the 1st of November of each year; and in the event of Lessee's failure to pay said fee within thirty (30) days of the date due, Lessee shall forfeit all rights under this lease. The first annual maintenance fee shall be due upon the execution of this lease, and subsequent payments shall be due by the 1st day of November of each year.

II. Upon the expiration of the original lease period, the Lessee shall have the option to extend and renew this lease for additional one (1) year periods, until the life of the slip has been declared terminated by the Board of Directors.

(a) The amount of rental during any extension or renewal period shall be the then prevailing rate established by the Board of Directors.

(b) The rental determined for each period of extension of this lease shall be due and payable on or before the first day of the extension period.

III. Lessee may, at any time, assign its rights in this lease to any other owner of a leasehold interest in a lot in Northwoods, or to the assignee of Less's rights in Lot No. 53; provided, however, said assignee must first agree, in writing, to be bound by the terms and conditions of this lease. In the event Lessee assigns his rights in Lot No. 53 to another party and Lessee does not assign this lease to said other party or owner of a leasehold interest in a Northwoods lot, this lease shall cease and terminate as of the date of assignment of Lot No. 53, and all of Lessee's rights in Slip No. 53 shall revert to Lessor, and Lessee shall have no right to refund of any rental or maintenance fees.

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IV. It is understood and agreed that the slips and the docks to which the slips are attached are to be used only for boaters and boating. Swimming, fishing, fish cleaning, sun bathing, skiing, or any other form of play, is expressly prohibited on or from the docks and slips. Children and/or pets are allowed on the docks and slips only when accompanied by an adult, and only for the purpose of going to and from boats.

V. Lessee covenants that it will keep the slip, and adjacent dock area, clean and free of debris at all times, and all boating equipment, fishing gear, water skis and equipment, boat mooring lines and other items shall not be stored or left on the docks or slip. Lessee further covenants that it shall not use the slip or the adjacent dock for purposes of putting boats into the water or removing boats from the water, and that boats will not be placed on the slip or docks.

VI. Lessor agrees to maintain and repair the dock and boat slip against damage caused by normal wear and tear. All damage caused by other than normal wear and tear shall be repaired by Lessee at Lessee's expense. If the slip has been damaged by causes other than normal wear and tear to the point where the Board of Directors determines that repairs are necessary, a notice, in writing, shall be sent to Lessee advising Lessee that repairs must be made. If the repairs are not completed within sixty (60) days from the date of the written notice, all of Lessee's rights under this lease shall be forfeited and revert to Lessor.

VII. Lessor shall not be considered a bailee, nor in any way

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be responsible or liable for damage to, or theft of, any boats or property of any type belonging to Lessee or any other persons or entities, nor shall Lessor be responsible or liable for any bodily injury or death to Lessee or any other parties, who shall use the docks and slips at their own risk. It is further agreed by Lessee that Lessor shall be held harmless for bodily injury or death or damage to person or property of others caused by Lessee, Lessee's family or guests.

VIII. Violation of any of the conditions or covenants set forth in this lease shall be cause for cancellation of this lease by the Board of Directors.

(a) In the event of cancellation of this lease for any reason by the Board of Directors, Lessee shall not be entitled to the refund of any rental or maintenance fees paid. However, if the Board of Directors deems it appropriate, the Board may refund to Lessee an amount not to exceed the amount of rental paid attributable to the unexpired portion of the lease. In no event, shall there be a return on any rental or maintenance fees paid for renewal periods.

WHEREFORE, this agreement is executed this 18 day of October, 19 75.

LESSOR:

Robert H. Olson, Pres. H. W. Olson, Sec.

LESSEE:
