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MORTGAGE OF LEASEHOLD INTEREST

THIS MORTGAGE made on the 3rd day of February, 1988, between ROBERT D. MITCHELSON and BRENDA MITCHELSON, Husband and Wife and in their individual capacities, herein referred to as "mortgagor", and NORTHWEST NATIONAL BANK, herein referred to as "mortgagee",

WITNESSETH

WHEREAS, mortgagor is the assignee under a certain assignment of lease, dated on the 3rd day of February, 1988, under which there was assigned to mortgagor, all of the right, title and interest of Waterfront Recreation Inc. ("Lessor") in the premises hereinafter mentioned and described, together with the appurtenances and improvements existing thereon; to have and to hold the same unto mortgagor, as lessee, and to his executors, administrators, and assigns, until paid, or until subsequent assignment at option of mortgagor, said assignment being attached hereto as Exhibit "A" and incorporated herein by reference.

WHEREAS, mortgagor is justly indebted to mortgagee in the sum of Thirteen thousand Five hundred & sixty (\$13,560.00) lawful money of the United States, evidence by a note ("Note") dated the 3rd day of February, 1988, conditioned on the payment of such sum as provided for in said note, with interest computed at the rate of 2.5 over prime (/// %) percent per annum, as provided therein.

It is expressly agreed that the whole of such principal sum shall become due and payable at the option of mortgagee after default in the payment of any installment of interest or principal, or any taxes, assessments, or rents, as hereinafter provided.

It is further agreed that mortgagor, as additional security for the payment of such sum of money mentioned in the Note, does hereby grant, release, assign transfer and set over unto mortgagee, his heirs and assigns forever, all of mortgagor's right, title and interest in and to the following described real property

Cabin Site Number 80 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 of Willamette Meridian, Skamania County, Washington,

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SUBJECT, however, to an easement for right of way for access road acquired by the United States of America, United States Forest Service.

together with any and all improvements and appurtenances existing thereon at the time of the execution of this mortgage and any and all future improvements and appurtenances constructed thereon during the life of this mortgage, and all the estate and right of mortgagor in and to the premises under the above-mentioned lease. This mortgage is given to mortgagee to secure the repayment of the Note, interest thereon, all renewals, extensions and modifications, subsequent advances and the performance or payment of all obligations hereunder.

To have and to hold the lease and renewals, and the estate of lessee thereunder, unto mortgagee, his heirs and assigns, for and during the remainder of the unexpired term thereunder, and in any renewals thereof; subject, however, to the rents, covenants conditions and provisions of the lease.

Provided that if mortgagor shall pay to mortgagee all sums secured hereby including the sum of money mentioned in the Note and interest thereon, at the time or times and in the manner mentioned in said Note, then these presents and the estate hereby granted shall cease, terminate and be void.

Mortgagor hereby covenants with mortgagee as follows:

1. Mortgagor will pay the indebtedness as provided in such Note; and if default shall be made in the payment of any part thereof, mortgagee shall have the power to sell, or have sold, the leasehold interest hereinabove described according to law.

2. Mortgagor will keep the buildings on the leased premises insured against loss by fire, for the benefit of mortgagee, in a sum sufficient to cover the outstanding balance on the Note, and shall provide mortgagee with a Certificate of Insurance showing mortgagee as an additional insured thereon and that mortgagee is entitled to 30 days notice of the insurer's intent to cancel any such policy.

3. Mortgagor will pay the rents and other charges provided for and made payable in the lease as they fall due.

4. Mortgagor will at all times fully perform and comply with all agreements, covenants, terms and conditions imposed on or assumed by him as lessee under the lease, and if mortgagor shall fail to do so, mortgagee may, at its option, take any action mortgagee deems necessary or desirable to prevent or to cure any default by mortgagor in the performance of or compliance with any of mortgagor's covenants or obligations under the lease. Upon receipt by mortgagee from the lessor under the lease of any

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written notice of default by the lessee thereunder, mortgagee may rely thereon and take any action as aforesaid to cure such default even though the existence of such default or the nature thereof is questioned or denied by mortgagor or by any party on behalf of mortgagor. Mortgagor hereby expressly grants to mortgagee, and agrees that mortgagee shall have the absolute and immediate right to enter in and on the encumbered premises or any part thereof to such extent and as often as mortgagee, in its sole discretion, deems necessary or desirable in order to prevent or to cure any such default by mortgagor. Mortgagee may pay and expend such sums of money as mortgagee in its sole discretion deems necessary for any such purpose, and mortgagor hereby agrees to pay to mortgagee, immediately and without demand, all such sums so paid on behalf of mortgagor and expended by mortgagee, together with interest thereon from the date of each such payment at the rate of 2.5% over prime percent per annum. All sums so paid and expended by mortgagee and the interest thereon shall be added to and be secured by the lien of this mortgage.

5. Mortgagor will not surrender his leasehold interest and interest hereinabove described, nor terminate or cancel the lease, and will not without the express written consent of mortgagee sell, transfer, encumber, modify, change, supplement, alter or amend the lease either orally or in writing, and any such termination, cancellation, modification, change, supplement, alteration, or amendment of the lease without the prior written consent thereto by mortgagee shall be void and of no force and effect. As further security to mortgagee, mortgagor does hereby deposit with mortgagee his lessee's original of the lease and all amendments thereto or certified copy thereof, to be retained by mortgagee until all indebtedness secured hereby is fully paid.

6. No release or forbearance of any of mortgagor's obligations under the lease, pursuant to the lease or otherwise, shall release mortgagor from any of his obligations hereunder, including his obligations with respect to payment of rent as provided for in the lease and the performance of all of the terms, provisions, covenants, conditions, and agreements contained in the lease, to be kept, performed and complied with by the lessee therein.

7. Unless mortgagee shall otherwise expressly consent in writing the fee title to the property demised by the lease and the leasehold estate shall not merge, but shall always remain separate and distinct, notwithstanding the union of such estates either in the lessor or in the lessee, or in a third party by purchase or otherwise.

It is hereby expressly agreed that the whole of the principal sum and all accrued interest thereon shall become due at the option of the mortgagee: after default by mortgagee in the terms and/or conditions of the Note, of this mortgage, or of

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the lease; or after default in the payment of any rent or other charge made payable by the lease for thirty (30) days; or after default in the payment of any tax or assessment; or upon mortgagor's sale, transfer or conveyance of all, part or any interest in the property mortgaged herein.

The word "mortgagor" shall be construed as if it is read "mortgagors", the word "mortgagee" shall be construed as if it read "mortgagees", and the masculine gender shall include the feminine or neuter, whenever the sense of this mortgage so requires.

The mortgaged property is not used principally for agricultural or farming purposes.

Upon any default by mortgagor in the terms or conditions of this mortgage, the Note secured hereby or in any other loan document, Mortgagee shall be entitled to foreclose upon the property mortgaged hereby in accordance with the applicable law.

Any decree of foreclosure of this mortgage shall include all costs, expenses, and fees, including reasonable attorney fees and costs of title search. In case such foreclosure should be settled before judgment is recorded therein, such costs, expenses and fees shall nevertheless be paid by mortgagor. Mortgagee shall also be entitled to recover such attorney's fees and costs as may be provided in the Note. In the event that the proceeds of any sale by foreclosure is insufficient to pay the sums secured hereby, Mortgagor shall continue to be liable for any deficiency.

Mortgagee shall not destroy, damage or substantially alter the leasehold estate, improvements and appurtenances, nor allow such to deteriorate or commit waste.

IN WITNESS WHEREOF, mortgagor has executed this mortgage at

1607 Main Street/P.O. Box 1867

Vancouver, WA 98668

the day and year first above written.

Robert D. Mitchelson
ROBERT D. MITCHELSON

Brenda A. Mitchelson
BRENDA MITCHELSON

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STATE OF WASHINGTON)
County of Clark) ss.

I certify that ROBERT D. MITCHELSON and BRENDA MITCHELSON appeared personally before me and that I know or have satisfactory evidence that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 15th day of November, 1989.

Michael J. [Signature]
NOTARY PUBLIC FOR WASHINGTON
My Commission Expires: 11/15/91

FILED RECORD
SKA. WASH
31 NW Nat'l Bank

Nov 30 4 19 PM '89

P. Lacey

GARY MITCHELSON

NW Nat'l Bank
Nov 20 3 05 PM '89

ELIZABETH GLOCE

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*PO Box 1867
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