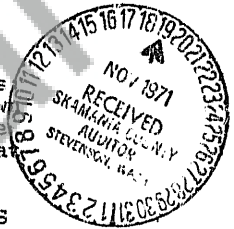


L E A S E

THIS INDENTURE, made and executed this 16th day of November, 1977, WITNESSETH:

That CLARKE COUNTY SAVINGS & LOAN ASSOCIATION, hereinafter referred to as the "Lessee", agrees to lease from LOUIS FR. JOSEPH and ROSE JOSEPH, husband and wife, hereinafter referred to as the "Lessors", the following described premises situate in Skamania County, State of Washington, to-wit:

A tract of land in Section 1, Township 2 North, Range 7 E.W.M., particularly described as follows: Beginning at the SE corner of Block #8 of the Town of Stevenson as shown on the official plat of the Town of Stevenson filed and of record in Book A at the 11th page of the plats of Skamania County; thence N 34° 30' W 30.00 ft.; thence S 55° 30' W 88.00 ft.; thence N 34° 30' W 22.00 ft.; thence S 55° 30' W 38.00 ft.; thence S 34° 30' E 52.00 ft.; thence N 55° 30' E 126.00 ft. to the point of beginning,



on which a building is to be constructed approximately 34 x 28 by Lessors at their sole expense, said building to be constructed/according to plans and specifications including Adenda #1, which have been approved in writing by Lessee and Lessor.

The terms and conditions of this lease are as follows:

Term of Lease: The term of this lease shall be fifteen (15) years, commencing on the 1st day of May, 1972, and ending on the 1st day of May, 1987, both dates inclusive, unless sooner terminated as herein provided, or unless the lessee's option to renew is exercised as set out below; but, in any event, the rental hereinafter provided shall not commence until the building to be constructed upon the above described premises is completed and ready for occupancy.

Option: The lessee shall have an option to extend this lease for an additional five (5) years from the original expiration date, such option to be exercised in writing by the lessee no later than ninety (90) days prior to the expiration of the original term. Thereafter, upon expiration of the initial five (5) years option, the lessee

shall have an additional option to extend this lease for an additional five (5) years. The second option shall be exercised in the same manner and upon the same conditions as the initial option. Both options shall be on the same terms as the original lease with the exception of rent, and the monthly rental to be reserved shall be negotiated at the time the option is exercised between the parties, provided that if the parties cannot agree among themselves, the lessee shall appoint a representative and the lessors shall appoint a representative; thereafter, the two parties shall appoint a third representative and these representatives shall arbitrate a monthly rental figure and both the lessors and the lessee agree to abide by the results of said arbitration.

Rent: The lessee shall pay to the lessors, the monthly rental figures set out below. The monthly rental shall be payable on the first day of each and every month throughout the term of this lease. All payments shall be payable at the office of the lessors, or at such other place as said lessors may designate in writing.

<u>Year</u>	<u>Monthly Rental</u>
1	\$ 322.50
2	327.50
3	332.50
4	337.50
5	347.50
6	372.50
7	382.50
8	392.50
9	402.50
10	412.50
11	430.00
12	430.00
13	430.00
14	430.00
15	430.00

Payment of Taxes and Insurance: The lessors agree to pay all property taxes levied against the real property, which is the subject of this lease and the improvements thereon prior to delinquency. The lessors shall keep the leased premises insured at the lessors' expense against fire and other risks covered by a standard fire insurance policy with an endorsement for extended coverage to its' full replacement cost.

Restrictions on Use: The lessee may use and occupy the leased property for any lawful purpose connected with the savings and loan, general banking business, real estate, or insurance business, but shall not use or knowingly permit any part of the leased premises to be used for any unlawful purpose.

Exclusive Use Provisions: The lessors shall not use or permit any other person or business enterprise to use any portion of the structures, development or projects of which the leased property is a part, or any other real property owned or controlled by the lessors within a distance of five (5) miles from the leased property, for any of the same uses and purposes for which the leased property is rented to the lessee. This prohibition of competitive uses is limited to savings and loan and general banking and trust company business.

Bankruptcy Clause: In the event that the savings and loan to be operated on the premises is closed for reasons other than those that are controllable by the governing body of the savings and loan association, the lessors may terminate the lease with the concurrence of the successor in interest to the lessee's governing body, or with the lessee's governing body, and any such successor in interest shall in any event have the election to continue or terminate the lease, provided that in the event this lease is terminated under these conditions, the maximum claim of lessors for damages or indemnity for injury resulting from the termination of the unexpired lease shall, in no event, be an amount exceeding the rent reserved by the lease, without acceleration, for the year next succeeding the date of the surrender of the premises to the landlord, or the date of re-entry by the landlord, whichever occurs first, whether before or after the closing of the savings and loan, plus an amount equal to the unpaid amount accrued, without acceleration, up to such date. Provided further, that this clause is intended to operate only in the event of a financial disaster causing the closing of the savings and loan by some supervisory authority and not by any voluntary acts of the governing board of the lessee.

Lessee's Right to Alter and Improve: The lessee shall have

the right to make alterations, additions or improvements to the leased property without the consent of the lessors, provided that the lessee shall notify the lessors of its' intent to make such alterations, additions or improvements. No such alterations, additions or improvements shall be made if the net effect of the same would be to depreciate a fair market value of the overall improvements. All improvements made on the premises, of a permanent nature, shall become the property of the lessors upon the expiration of or sooner termination of this lease.

Utilities, Services and Maintenance: The lessors shall not be required to furnish any services to the leased property, including, but not limited to heat, water and power. Except when due to the negligence of the lessors, said lessors shall not be liable for any failure of water supply or electric current, or for failure of any services by any utility, for injury to person (including death), or damage to property resulting from steam, gas, electricity, water, rain, or snow, which may flow or leak from any part of the leased property, or from any pipes, appliances, or plumbing works, from the street or sub-surface, or from any other place, or for interference with light or other easements, however caused. Lessee shall pay all charges for steam, gas, electricity, water, light, heat, power, and other services used in or about, or supplied to the leased property, and shall indemnify the lessors against any liability on such account.

The lessors covenant and agree to keep the roof, foundation, exterior of the building, and the parking area in a reasonable state of repair. The lessee covenants and agrees that it shall maintain the interior of the premises during the term of this lease, provided that any defective materials for which a builder or supplier indemnifies the lessors for within the time provided by any warranties shall be replaced by the lessors to the extent of said warranties, and if defective materials are not discovered until after the warranties expire, an adjustment shall be made by the lessors to the

lessee for the unused portion of the ordinary life of said materials.

Lessors' Rights - Lessee's Default: Subject to the provisions above, relating to the insolvency of the lessee,

A. The lessors may give the lessee thirty (30) day's notice of intention to terminate this lease in any of the following circumstances:

(1) If the lessee shall be in default in the performance of any covenant of this lease (other than the covenants for the payment of basic rent or additional rent), and if such default is not cured within fifteen (15) days after written notice thereof is given by the lessors; or, if such default shall be of such a nature that it cannot be cured completely within said fifteen-day period, if the lessee shall not have promptly commenced within said fifteen-day period or shall not thereafter proceed with reasonable diligence and in good faith to remedy such default.

(2) If the leased property becomes vacant or deserted for a period of ninety (90) days.

(3) If this lease shall be assigned or the leased property sub-let other than in accordance with the terms of this lease and such default is not cured within fifteen (15) business days after notice.

(4) If the lessee shall be in default in the payment of any basic rent or additional rent and such default is not cured within fifteen (15) days after mailing of written notice thereof by lessors.

B. If the lessors shall give the thirty-day's notice of termination provided in Paragraph A, then at the expiration of such period, this lease shall terminate as completely as if that were the date herein definitely fixed for the expiration of the term of this lease, and the lessee shall surrender the leased property to the lessors. If this lease shall so terminate, it shall be lawful for the lessors, at their option, without formal demand or notice of any kind, re-enter the leased property by an unlawful detainer action or by any

other means, and to remove the lessee therefrom without being liable for damages therefor. Upon the termination of this lease, as herein provided, the lessors shall have the right, at their option, to terminate any sublease then in effect, without the consent of the sublessee concerned.

C. The lessee shall remain liable for all its' obligations under this lease, despite the lessors' re-entry, and the lessors may re-enter or use the leased property as agent for the lessee if said lessors so elect.

D. Time is of the essence of this lease with respect to the performance by the lessee of its' obligations hereunder.

Performance of Lessee's Obligations: If the lessee shall be in default hereunder, the lessors may cure such default on behalf of the lessee, in which event the lessee shall reimburse the lessors for all sums paid to effect such cure, together with interest at the rate of nine per cent (9%) per annum, and reasonable attorney's fees. In order to collect such reimbursement the lessors shall have all the remedies available under this lease for a default in the payment of rent.

Lessor's Right of Access: The lessors and their representatives may enter the leased property, at any reasonable time, other than normal banking hours, for the purpose of inspecting the same, performing any work which the lessors elect to undertake made necessary by reason of the lessee's default under the terms of this lease, exhibiting the leased property for sale, lease, or mortgage financing, or posting notices of non-responsibility under any mechanic's lien law.

Lessee's Right to Perform: If the Lessors default in the observance of, or performance of any terms or covenants required to be performed by them under this lease, the lessee, after not less than thirty (30) day's notice to the lessors, may, but shall not be obligated, to remedy such default and in connection therewith may pay expenses and employ counsel, provided that the lessee shall have the right to remedy such default without notice in the event of an emer-

gency. All sums expended or obligations incurred by the lessee in connection therewith shall be paid by the lessors to the lessee upon demand.

If the lessors mortgage the above-described property, lessors agree to pay the mortgage payments as they become due and not permit the mortgage to become delinquent. In any event, the lessors fail to make such mortgage payment, lessee shall have the right to apply as much of the rent as is necessary to make said mortgage payment, so that said mortgage will not be delinquent.

Fire or Other Casualty Losses: In the event of destruction or damage to any building or improvements on the leased premises by fire, windstorm or other casualty, the lessors agree to use the proceeds from said insurance to rebuild the premises if the lessee so desires, and while said premises are unfit for occupancy by Lessees the rent shall be abated. ~~and the lessors shall be excused from paying rent during the period of rebuilding or reconstruction.~~ *THX
4/12*

~~that certain the lessors shall be excused from paying rent during the period of rebuilding or reconstruction.~~ However, except as provided above, nothing herein shall be deemed to allow the termination by lessee of this lease, or for the lessee to violate any of its provisions, or to cause any rebate or abatement in rent then due or thereafter becoming due under the terms hereof.

Condemnation: If the leased property, or any such portion thereof, as will make the same unsuitable for the purposes herein leased, is condemned for any public use or purpose by any legally constituted authority, then in either of such events this lease shall cease from the time when possession is taken by such public authority, and the rental shall be accounted for between lessors and lessee as of the date of the surrender of possession. Such determination shall be without prejudice to the rights of either the lessors or the lessee to recover compensation from the condemning authority for any loss or damage caused by such condemnation. Neither the lessors nor the lessee shall have any rights in or to any award made to the other by the condemning authority.

Easements: The lessors shall have the right to grant ease-

ments in areas of the leased property for the installation of utilities, provided that the use of such easement areas for such purposes does not interfere substantially with the operation of the lessee's business. The lessee shall not be entitled to any compensation or abatement of rent if the use of such easement area does not interfere substantially with the operation of the lessee's business.

Rights to Assign and Sublease: The lessee may sublet all or portions of the leased property for the remainder of the term with the approval of the lessors, which approval the lessors shall not unreasonably withhold, provided that the business or occupation of the sub-tenant is not extra-hazardous, disreputable, or illegal, and provided further, that the lessee shall remain primarily liable for the payment of the rent hereinabove reserved and for the performance of all the other terms of this lease required to be performed by the lessee.

Surrender of Possession: Upon the expiration of the term of this lease or any extension or renewal thereof / or any prior termination, lessee agrees to surrender possession of the leased property, in as good condition or better as of the date they take possession thereof, subject to usual wear and depreciation, and damages by fire and/or the elements excepted.

IN WITNESS WHEREOF, the parties have hereunto fixed their signatures this 6th day of September, 1971.

LESSEE:

LESSORS:

{ CLARKE COUNTY SAVINGS & LOAN ASSOCIATION

{ By:

{ Glenn M. Farrall, President

{ G. P. Sheaffer, Sec-Treasurer

{ Louis M. Joseph

{ Rose Joseph

STATE OF WASHINGTON

County of Clark

ss

On this 16th day of November,

1971, before me personally appeared GLENN M. FARRELL and G. P. SHEAFFER,

to me known to be the President and Secretary of the corporation that executed the within and foregoing instrument, and acknowledge 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 they were authorized to execute said instrument and that the seal affixed is the corporate seal of said Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Thomas M. P. Jones
Notary Public in and for the State of
Washington residing at Seattle, in said
County.

STATE OF WASHINGTON,

County of Clark

ss.

On this day personally appeared before me LOUIS P. JOSEPH and

ROSE JOSEPH, husband and wife, 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 16th day of November 1971, AD

C. D. B. Brecht
Notary Public in and for the State of
Washington, residing at Vancouver therein