

LEASE

This Lease made and entered into in duplicate this 2ND day of OCTOBER, 1972, by and between WATER FRONT RECREATION INC., a Washington corporation, (hereinafter called "Lessor") and JAMES and NEOMIE GIPS (hereinafter called "Lessee").

## WITNESSETH:

That in consideration of the mutual covenants and agreements herein contained, it is agreed by and between the parties hereto as follows:

PREMISES:

1. Lessor does hereby lease, demise, and let unto Lessee, and Lessee does hereby lease and rent from Lessor, those certain premises located in Skamania County, Washington, described as that portion of the NE 1/4 of NE 1/4 of Section 26 TS, lying to the east of Forest Service Road consisting of approximately 3 acres - hereinafter referred to as the property

TERM:

2. The term of this lease shall be for the period beginning on September 1, 1972 and ending June 1, 2025.

RENT FOR PROPERTY:

3. Lessee covenants and agrees to pay Lessor, as and for rental for the leased premises referred to as the Property, the percentages set forth below as computed for the periods as set forth below, of Lessee's gross receipts, as defined in Section 3.04 of Master Lease #58985 between Lessor and State of Washington, made in, on, or from

the leased premises during each lease year during the term hereof; provided, however, that should computed percentage rental for any calendar year be less than the sum of \$1,000.00, Lessee shall, in lieu of said percentage rental, pay to Lessor the sum of \$1,000.00 plus five percent (5%) of gross receipts for such lease year. Rent readjustments shall be as per Section 2.01 of Water Front Recreation Cabin Site Lease --no readjustment for percentages.

A. Said percentage to be as follows:

1. For the term of lease, ten percent (10%) of the gross receipts.

B. Said rent shall be payable as follows:

1. The first such payment covering the lease year September 1, 1975 through August 31, 1976, shall be payable on or before September 1, 1975. Subsequent payments shall be due and payable on the first day of September of each and every lease year thereafter during the term of the lease. The last such payment shall be due and payable on or before September 1, 2024, or in the event this lease is terminated as herein provided prior to the expiration of the term hereof, within thirty (30) days after the date of said termination.

C. Lessee shall:

1. Concurrently with each payment of percentage rental as herein provided, submit to Lessor a statement certified by Lessee as to its correctness showing Lessee's gross receipts, as such term is hereinafter defined, made during the lease year to which rental applies.

D. Gross receipts defined:

1. The term "gross receipts" as used herein is hereby as defined in Section 3.04 of Master Lease #58985 between Lessor and State of Washington.

E. At all times during the term hereof, or any extension, Lessee shall keep and maintain at the premises, books of account that accurately reflect all of Lessee's gross sales made at or from the premises. Lessor and his duly authorized accountants, attorneys, or other representatives shall have the right during each year of this lease, plus a period of 60 days thereafter, to inspect and audit at reasonable times during business hours the sales books, sales records, and sales tax returns of Lessee applicable to the gross receipts of such lease year and to make copies thereof.

F. Lease year defined:

For the purposes hereof, a lease year shall be defined as the twelve (12) month period commencing September 1, and ending August 31, of each year during the term hereof.

USE:

4. Lessee shall use the leased premises during the term of this lease for a general merchandise grocery store and a laundromat, and for a gasoline sales service station business, coin operated machines, trailer space and any other uses as agreed upon in writing between Lessor and Lessee, and not otherwise.

PAYMENTS:

5. All rent and other payments made to Lessors shall be made to Lessor, WATER FRONT RECREATION INC., at Box 603, Beaverton, Oregon, or to such other persons or at such other places as may be designated by Lessor from time to time.

UTILITIES:

6. Lessee agrees to pay, before delinquency, all charges for gas, electricity, heat, light, power, telephone and other public services



used by Lessee upon the leased premises; also all license fees which may be imposed by reason of the lease by Lessee of said premises.

In addition to the rental hereof, Lessee shall pay to Lessor the sum of two Association water hookups and monthly dues per month for water provided. In any period of water shortage the Lessee agrees to be the first to have amount of water reduced.

#### TAXES AND ASSESSMENTS:

7. Lessor shall, and agrees to, pay all taxes, assessments and charges that may be levied against the lands, buildings, and improvements herein leased. Lessee shall and agrees to, pay all taxes, assessments, and charges on its personal property and equipment on the leased premises.

#### LESSEE AGREES:

8. a. To keep the premises and property on which the premises are situated free from any liens arising out of any work performed, or any materials furnished, or obligations incurred by, or for, Lessee.

b. Not to vacate or abandon the premises during the term; and if Lessee does so, or surrenders such premises or is dispossessed by process of law or otherwise, any personal property belonging to Lessee left on the premises shall be deemed to be abandoned, at Lessor's option, or may be stored elsewhere at Lessee's expense.

c. Not commit or suffer to be committed, any waste, or nuisance, or any alterations of the premises, or any part thereof, without Lessor's prior written consent. Any additions or alterations, except movable furniture and trade fixtures, shall become at once a part of the realty and belong to Lessor, provided, that by notice given at least thirty (30) days prior to the end of the term, Lessor may at his option

require Lessee to restore the premises or any part thereof to their condition at the commencement of the term.

d. Not use or permit said premises or any part thereof to be used for any purpose other than the purpose for which said premises are leased as hereinbefore specified; and no use shall be made thereof, nor acts done, which would increase the existing rate of insurance upon the improvements thereon, or void any such insurance, or cause cancellation thereof; nor shall Lessee sell, or permit to be kept, used or sold in or about the premises, any article which may be prohibited by the standard form of fire insurance policy except that Lessee shall be allowed to sell gasoline at the gas station. Lessee shall, at his sole expense, comply with all requirements pertaining to said premises of any insurance carrier, necessary for maintenance of reasonable fire and public liability insurance covering said premises.

e. At its sole cost, keep every part of the premises in good and sanitary order, condition, and repair, to the reasonable satisfaction of Lessor.

9. Lessee further agrees:

a. To assume all risk of damages to property in or about the premises from any cause and to whomever belonging, and if injuries to or death of persons in or about said premises, from any cause including Lessee's negligence or breach thereof, and waives all claims in respect thereof against Lessor and agrees to defend and save Lessor harmless from and against any such claim, damages, death or injury. Lessee shall, during the term hereof, keep Lessee's property located in the demised premises insured against loss or damages by fire (including extended coverage) in companies satisfactory to Lessor, in an amount equal to the full replacement

value of such property, by policies providing that Lessee's insurer shall not acquire by subrogation any right of recovery which Lessee has expressly waived in writing prior to the occurrence of the loss.

b. To keep in force during the term hereof at Lessee's expense, public liability and property damage insurance in companies satisfactory to Lessor against any liability to the public incident to the use of or resulting from any accident occurring in or about the premises in minimum amounts of \$100,000-\$300,000-\$50,000. The same shall insure the contingent liability of Lessor, and the policies or certificates, endorsed "premium paid", shall be deposited with Lessor; and Lessee shall obtain the written agreement of the insurers to notify Lessor in writing thirty (30) days prior to any cancellation. Lessee agrees that if he does not keep such insurance in full force and effect, Lessor may, but is not obligated to, take out such insurance and pay the premiums thereof at Lessee's expense and repayable on demand.

c. If suit be brought for unlawful detainer of the premises, to recover rent due hereunder, or because of breach of any covenant herein on the part of the Lessee to be performed, Lessee will pay Lessor's attorney's fee. Upon the filing of any action for unlawful detainer, the court in which such action is pending may appoint a receiver without notice to take possession of the premises and collect any rent that may be or become due from any subtenant and to hold the same during the pendency of said action.

d. Either (i) appointment of a receiver (except as mentioned in paragraph (d) above) to take possession of all or substantially all of the assets of Lessee, whose appointment is not vacated within sixty (60) days, or (ii) a general assignment by Lessee for the

benefit of creditors or (iii) any action taken or suffered by Lessee under any insolvency or bankruptcy act shall terminate this lease, and Lessor shall be entitled to damages as provided upon a termination under paragraph (f) hereof.

e. Upon breach of this lease by Lessee, then Lessor besides other rights or remedies he may have, shall have the immediate right of re-entry and may remove all persons and property from the premises; such property may be stored in a public warehouse or elsewhere at the cost of and for the account of Lessee. Should Lessor elect to re-enter, as herein provided, or take possession pursuant to legal proceedings or any notice, provided for by law, he may either terminate this lease, relet the premises or any part thereof for such term or terms (which may extend beyond the term hereof) and at such rentals and upon such other terms as Lessor in his sole discretion may deem advisable with the right to make alterations and repairs to said premises; upon each such reletting (i) Lessee shall be immediately liable to pay to Lessor, in addition to indebtedness other than rent due hereunder, the cost of such reletting and of such alterations and repairs, incurred by Lessor, and the amount by which the rent hereunder for the period of such reletting (to the end of the term hereof) exceeds the amount agreed to be paid as rent for the premises for such period on such reletting; or (ii) at the option of Lessor rents received from such reletting shall be applied: first, to payment of indebtedness other than rent due hereunder from Lessee to Lessor; second, to the payment of costs of such reletting and of such alterations and repairs; third, to payment of rent due and unpaid hereunder; and the residue, if any, shall be held by Lessor and applied in payment of future rent as the same becomes due hereunder. If Lessee has been credited with any rent to be received by such reletting under



option (i), and such rent shall not be promptly paid to Lessor by the new tenant, or if such rentals received from such reletting under option (ii), during any month be less than that to be paid during that month by Lessee hereunder, Lessee shall pay any such deficiency to Lessor.

Such deficiency shall be calculated and paid monthly. No re-entry or taking possession of said premises by Lessor shall be construed as an election on his part to terminate this lease unless a written notice of such intention be given to Lessee or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such reletting without termination, Lessor may at any time thereafter elect to terminate this lease for such previous breach. Should Lessor at any time terminate this lease for any breach, in addition to any other remedy he may have, he may recover from Lessee all damages he may incur by reason of such breach, including the cost of recovering the premises, and including the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to rent reserved in this lease for the remainder of the stated term over the then reasonable rental value of the premises for the remainder of the stated term, all of which amounts shall be immediately due from Lessee to Lessor.

f. Surrender of this lease by Lessee, or mutual cancellation thereof, shall not work a merger, but shall at the option of Lessor, terminate all or any existing sub-lease or subtenancies, or may at the option of Lessor, operate as an assignment to him of any or all such subleases or subtenancies.

g. This lease shall be subordinate to any mortgage or deed of trust which has been or is placed on the land or building of which the premises are a part. The holder of such mortgage or deed of



trust may at his option preserve this lease in connection with any enforcement thereof, and Lessee agrees to attend to the purchaser at any foreclosure sale thereunder.

h. Lessor shall be relieved from all obligations hereunder upon transfer of title to the property subject thereto to another, who shall be subject to the Lessor's obligations hereunder. If any security be given by Lessee to secure performances of this lease, Lessor may transfer the security to such transferee of title of the property subject hereto, and thereupon Lessor shall be discharged from further liability therefor.

i. That Lessor shall not be required to make any repairs, alterations, additions, or improvements to or upon the leased premises during the term of this lease.

#### CONDUCT OF BUSINESS:

10. Lessee agrees that it will at all times maintain and conduct its said business insofar as the same relates to Lessee's use and occupancy of the demised premises, in a lawful manner, and in strict compliance with all governmental rules, laws and regulations and orders as may be applicable to the business of Lessee conducted in or upon the demised premises, and the Lessee and his employees shall conform to and observe such reasonable rules and regulations as Lessor may from time to time promulgate and establish for the conduct and regulation of business.

Lessee agrees that, except as prevented by strikes, labor disputes, fire, earthquake, explosion, flood, riot, rebellion, act of public enemy, act of God or other public authority, or other causes beyond the control of Lessee, whether similar or dissimilar to those above mentioned, he will during the term of this lease, conduct in demised premises as usual, business in good faith, with facilities, fixtures,

employees and adequate merchandise and facilities and will exploit and develop his business in the whole of demised premises in such manner as to produce the maximum total gross receipts consistent with sound business practice. Lessee further agrees to and shall during the entire lease term, and any extensions thereof, keep the leased premises open for business at least six days a week and at least six hours per day, from April 15th to November 15th. The Water Front Recreation Cabin Site Lease and State of Washington Lease #58985 is incorporated in and made part of this Lease.

WATER FRONT RECREATION INC.

By *[Signature]*  
V. PRES.

*[Signature]*  
Lessor

JAMES and NEOMIR GIPE

By *[Signature]*

*[Signature]*  
Lessee

