

## 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 Robert H. Gustafson

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

Cabin site number 23 of the North Woods as shown in an Exhibit 'A' attached hereto (all distances being approximations), being part of Government Lots 4 and 8, Section 22, Township 7 North, Range 8 East, W.M., Skamania County, Washington, SUBSET, 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 April 27, 1971, 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. Lessor'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 enter 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 Seventy-Five Dollars (\$475.00). 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 9655 S.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:

Lessee's share of increase	=	Increase under master lease to Lessor	X	Lessee's annual rental	÷	Total annual rentals of sites
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(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, sanitary 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 premises.

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 a specified 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 the 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 Lessor 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:

5.07.04 Ownership of Sub-leased Improvements. All buildings and improvements, excluding removable personal property and trade fixtures on the leased site (North Woods) erected by a 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 on the premises shall be the property of Lessor.

The parties hereto further agree that the benefits of paragraph 5.04 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, until 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 Lessee 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 (\$1.50) 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 agreed that Lessor shall be responsible and functions of the North Woods Association until fifty (50) lots in the tract are leased. To fulfill all duties and functions of the Association, 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 a subdivision or adjoining subdivisions.

6.03 Water. The 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, backfilling, 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. Lessor 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 whatsoever, 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 and 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 their (30) days' notice of cancellation to Lessor.

7.04 Assignment. Without the prior written consent of Lessor, Lessee shall not sign this lease or any interest therein, or sublet, or 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 judge 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. 2, or as amended. The Lessee shall waive all claims or damages 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, 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 above remedies in any Court having jurisdiction of such cases.

7.11 Reservation on Land. All of the reservations, conditions, covenants, surements 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.







