

AGREEMENT TO PURCHASE LEASEHOLD INTEREST

This agreement entered into between JAMES GIPE and NAOMI GIPE, husband and wife, of 7113 N. 13th Avenue, Vancouver, Washington, hereinafter referred to as purchaser and R.A. SHOWMAN, of 12403 S.E. McGillivray Blvd., Vancouver, Washington, 98664, hereafter referred to as seller, for the purpose of seller transferring all right, title and interest he may have in a certain lease agreement to purchaser.

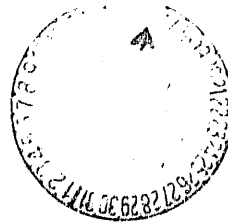
RECITALS

Seller is the owner and holder of a certain lease interest in:

Cabin Site No.40 of the North Woods as shown in red on Exhibit "A" attached hereto (all distances being approximations), being part of Government Lot 40, Section 26, Township 7 North Range 6, East of 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.

and purchasers are desirous of buying all right, title and interest seller may have in said leasehold for the sum of Two Thousand Dollars and no/100 (\$2,000.00) payable upon completion of a recreation cabin to be built upon the premises being transferred.

Therefore in consideration of the mutual covenants contained herein and other good and valuable considerations, the parties agree as follows:



1. Seller shall tender to the purchaser a written assignment of lease evidencing seller's assignment of that certain lease agreement entered into on the 14 day of October, 1977, between R. A. Showman, Seller, and Water Front Recreation, Inc., as lessor, a copy of which is attached hereto as Exhibit "B" and incorporated herein by this reference. The assignment shall transfer all of seller's interest in the following described property.

Cabin Site No. 205 of the North Woods as shown in red on Exhibit "A" attached hereto (all distances being approximations), being part of Government Lot 40, Section 26, Township 7 North, Range 6, East of 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.

and said assignment shall bear the consent of Water Front Recreation, Inc., to such assignment.

2. Purchaser agrees to pay the sum of Four Hundred and Six Dollars and 30/100 (\$406.30) immediately upon receipt of said assignment containing the valid consent as provided for in paragraph 1. and in addition will pay to seller the sum of Two Thousand Dollars and no/100 (\$2,000.00) upon the completion of the recreation cabin which purchaser intends to construct upon the leasehold being transferred.

3. In any event, purchaser shall pay to seller the Two Thousand Dollar and no/100 (\$2,000.00) sum on or before one year from the execution of this agreement regardless of whether or not the recreational cabin is completely constructed.

IN WITNESS WHEREOF, the parties have executed this agreement at Yacine, Wn., on the 10th day of October, 1977.

James Gipe -- Purchaser

Naomi Gipe
Naomi Gipe -- Purchaser

R. A. Showman -- Seller

STATE OF WASHINGTON)
COUNTY OF Clark) :ss

This is to certify that on October 10, 1977, personally appeared before me JAMES GIPE and NAOMI GIPE, his wife, to me known to be the individuals who executed the foregoing instrument, and they acknowledged the same as their free and voluntary act and deed for the uses and purposes therein mentioned.

Witness my hand and official seal the day and year in this certificate first above written.

Volstead M. Mitchell
NOTARY PUBLIC in and for the State
of Washington, residing at Yacine, Wn.

STATE OF Washington)
COUNTY OF Clark) :ss

This is to certify that on Oct 12th, 1977, personally appeared before me R. A. SHOWMAN, to me known to be the individual who executed the foregoing instrument and he acknowledged the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

Witness my hand and official seal the day and year in this certificate first above written.

William H. Hinton
NOTARY PUBLIC in and for the State
of Washington, residing at
Yacine, Wn.

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 Camps. 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 week-end 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 bench 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 with the master lease, any tree whose diameter is over 8" at chest height must be marked by Lessee. Lessee's operation. 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 a few trees as possible to the end that the community remain natural and rural.

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:

5.04 Ownership of Sub-lessee Improvements. All buildings and improvements, excluding removal of personal property and tract 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 5.04 provided, however, upon the expiration of the lease (master lease), if the State is an successful 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 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, 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 (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 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 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, account of personal injury to or death of any person 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 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 thereon. Such insurance shall be carried by a responsible company or companies satisfactory to Lessor in amounts not less than the following limits:

- (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, or have, 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 suit, action, 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 have over any loss or damages paid or awarded to or for any taking, condemnation or acquisition during the term of the lease as their interests therein shall then appear, whether or not by litigation, by any authority, public or private, or whether in public or private, of any lot 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 Lake Umbagog at any time within the provisions of Federal Power Commission License No. 2111 or as amended. The Lessee shall waive all claim of 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 lessors of the property, any structures or erections in violation of the provisions hereof, to recover damages for any such violation or attempt of violation of the provisions hereof and to prosecute any proceeding at law or in equity in furtherance of the aforesaid remedies in any Court having jurisdiction of such case.

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.

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8.03 Failure to Provide Property Report

Second, to be able to explain the observed differences in the impact of the two types of shocks on the growth rate, we need to know the impact of the two types of shocks on the growth rate. This is the subject of the next section.

8.04 Elements A

For the purpose of this study, the following hypotheses were formulated:

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