

COLLATERAL SECURITY ASSIGNMENT

THIS AGREEMENT entered into on the 21st day of March, 1975 between Donald G. Mac Kay and Arch Mac Donald, referred to as Mac Kay and Mac Donald, and L. H. Pierce and Lena L. Pierce, doing business as L. H. Pierce Auto Service, referred to as Pierce; and

In consideration of the promises and conditions herein set forth IT IS AGREED as follows:

FIRST: Mac Kay and Mac Donald have concurrently herewith executed and delivered to Pierce their promissory note in the sum of \$86,000.00 bearing interest at the rate of 8 1/2 per cent per annum, with interest payable quarterly on the 1st day of each July, October, January and April and said promissory note being due and payable in full on April 1, 1976.

SECOND: That said promissory note in said sum of \$86,000.00 represents the balance due and owing by Mac Kay and Mac Donald to Pierce on account of that certain promissory note dated April 3, 1974, in the original sum of \$100,000.00 executed by Mac Kay and Mac Donald, et al, in favor of Pierce, and secured by that certain Mortgage dated April 3, 1974, and executed by Mac Kay and Mac Donald, et al, in favor of Pierce and recorded on April 18, 1974 in Benton County Records, Auditor's File No. 663091; and

THIRD: Pierce has concurrently herewith executed a Satisfaction of said Mortgage for recordation in Benton County receiving therefor the sum of \$14,000.00 with a balance of \$86,000.00 remaining unpaid and which sum is now evidenced by said promissory note in said sum of \$86,000.00 executed by Mac Kay and Mac Donald in favor of Pierce as mentioned in First and Second paragraphs of this Agreement.



FOURTH: On November 15, 1973 Mac Kay and Mac Donald were the owners and holders of that certain promissory note in the original sum of \$100,000.00 executed by R. M. Hegewald, et al, Trustee for the R. M. Hegewald Family Trust and said promissory note was secured by that certain mortgage dated November 15, 1973, and recorded on November 15, 1973 in Skamania County Records, Auditor's File No. 76854; and

FIFTH: On or about November 21, 1973 Mac Kay and Mac Donald assigned and transferred said Hegewald promissory note and mortgage to Pierce as additional security for that certain promissory note and mortgage dated November 13, 1973 in the original sum of \$190,000.00 executed by Mac Kay and Mac Donald in favor of Pierce and which mortgage pertained to Mac Kay and Mac Donald's real property commonly known as Hamilton Island.

SIXTH: The United States of America is about to acquire said Hamilton Island from Mac Kay and Mac Donald pursuant to the Bonneville Lock and Dam Second Powerhouse Project, Tract Numbers 2800 and 2804, and the proceeds from such acquisition will pay and discharge in full said mortgage held by Pierce in said original sum of \$190,000.00.

SEVENTH: It is agreed between Mac Kay and Mac Donald and Pierce that the Hegewald promissory note and mortgage in said original sum of \$100,000.00, and now with an unpaid principal balance of \$87,241.72 shall remain in full force and effect and shall henceforth continue as collateral security for the promissory note concurrently executed in favor of and delivered to Pierce in said sum of \$86,000.00. All payments received by Pierce from the Hegewald note shall be credited to Mac Kay and Mac Donald's promissory note in said sum of \$86,000.00 executed in favor of Pierce concurrently herewith and that when said Hegewald's note is paid in full, such full payment shall discharge the Mac Kay and Mac Donald promissory note in said sum of \$86,000.00. It is further understood that when Mac Kay and Mac Donald pay said note in the sum of \$86,000.00, Pierce agrees to reassign to Mac Kay and Mac Donald the Hegewald note and mortgage. Independently of whether or not the Hegewald promissory note and mortgage is paid, Mac Kay and Mac Donald guarantee the payment to Pierce of said note in the sum of \$86,000.00 computed herewith.

IN WITNESS WHEREOF, Mac Kay and Mac Donald and Pierce have signed this Agreement in duplicate originals in the State of Washington.

Donald G. Mac Kay
DONALD G. MAC KAY

Arch Mac Donald
ARCH MAC DONALD

I. H. Pierce
I. H. PIERCE

Lena L. Pierce
LENA L. PIERCE

doing business as I. H. Pierce
Auto Service

STATE OF WASHINGTON)
County of Skamania) ss.

On this day personally appeared before me DONALD G. MacKAY, ARCH MacDONALD, L. H. PIERCE, and LENA L. PIERCE, 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 21st day of March, 1975.

Robert J. Salomon
Notary Public in and for the State of Wash-
ington, residing at Stevenson, Washington.

