

REAL PROPERTY MORTGAGE

34-101-32
2-5-9980

The undersigned, BILL LYONS and MARIE LYONS, husband and wife, hereinafter referred to as "Mortgagor", do by this instrument mortgage unto SIRRRAH CORPORATION, a Washington corporation, hereinafter referred to as "Mortgagee", the following described real property, situated in Skamania County, State of Washington, to-wit:

The Southeast quarter of the Southwest quarter; the West half of the Southeast quarter; and the Southwest quarter of the Northeast quarter; all in Section 35, Township 2 North, Range 5 East of the Willamette Meridian.

TOGETHER WITH a non-exclusive easement, 60 feet in width, over the existing railroad grade line leading to said property as reserved to Grantor herein by deed to Bert R. Bevard, et ux, as recorded under Auditor's File No. 83942, records of Skamania County, and by Real Estate Contract with Ekha K. Ursin, et ux, as recorded under Auditor's File No. 72243, records of said County.

EXCEPT public roads.

SUBJECT TO easements and restrictions of record.

THIS WILL CERTIFY that the foregoing property is not used primarily for farming or agricultural purposes.

This mortgage is given to secure the performance of the covenants herein contained and the payment of the principal sum of ONE HUNDRED THIRTY-FOUR THOUSAND AND NO/100 DOLLARS (\$134,000.00), plus interest, according to the terms of a Promissory Note bearing even date herewith, and this mortgage likewise secures any extensions or renewals of the same.

Mortgagor covenants that he is the lawful owner of the above described real property and has full lawful right to execute and deliver the within mortgage; that the above described property is free of liens or encumbrances except as may be noted herein; that Mortgagor will seasonably pay all real property taxes and any other governmental or municipal assessments of every kind or nature levied on the property during the term of this mortgage, including any additional taxes levied thereon by virtue of the former current use assessment of said property; that Mortgagor will permit or suffer no waste of the property and will at all times keep and maintain the premises in a clean and sanitary condition and in a good state of repair and maintenance; that Mortgagor will cut or remove no timber from the property except as specifically provided herein, and will otherwise manage the property in a good husbandlike manner so as to preserve the property, and Mortgagor covenants in all things concerning the premises herein to manage and protect the same so as to preserve the Mortgagee's security interest therein. If Mortgagor shall fail or neglect to pay the several sums hereinabove mentioned, or shall fail or neglect to pay the taxes, charges for repairs, maintenance, improvements or other charges for the protection or preservation of the mortgaged premises, or shall neglect any charge which may attach as a lien thereon, then Mortgagee may, at his election, make any such payments or otherwise perform any such covenants, and any sums so paid or incurred by Mortgagee thereby shall be forthwith repayable by Mortgagor on demand, and any such advances by Mortgagee shall likewise be secured by the lien of this mortgage.

It is understood that Mortgagor is assuming all rights, privileges, duties and responsibilities of Mortgagee in a certain Logging Contract between Mortgagee and Dick Beard, bearing date of March 23, 1977, and in the Timber Cutting Permit with the State of Washington pertaining thereto, for the cutting, removal, and sale of all merchantable Douglas fir, hemlock, white fir, cedar, alder and maple timber

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upon the above described property and for the grooming and re-planting of said property. The proceeds of the sale of said Douglas fir, hemlock, white fir and cedar shall be applied to the obligation secured hereby according to the terms of the above referenced Promissory Note. Mortgagor agrees to furnish to Mortgagee, before any cutting or sale of timber, all vouchers or purchase and sale agreements with sawmills purchasing said timber and to further arrange for the payment of the portion of the proceeds due Mortgagee under the terms of said Promissory Note by the purchaser directly to Mortgagee. In the event there shall be any default in the terms hereof pertaining to the cutting and sale of timber, application of the proceeds, or restoration of the premises, the parties agree that the sum of \$50,000.00, less that portion of the regular annual payments applied to principal on the obligation secured hereby, shall be paid to Mortgagee as liquidated damages and shall likewise be secured by the lien of this mortgage.

Time is of the essence of this mortgage. If Mortgagor shall default in the payment of the sums secured hereby, or shall fail or neglect to perform the several terms and conditions of this mortgage, then all sums secured hereby shall become immediately due and payable at the option of Mortgagee, and the Mortgagee, at his election, may proceed to foreclose this mortgage as provided by law. In such foreclosure proceeding Mortgagee shall be entitled to the appointment of a receiver to take possession of the mortgaged premises and to collect and receive the income and rents therefrom and to exercise such other powers as the court shall provide. In event of such foreclosure proceeding, or if Mortgagee shall otherwise become obligated to institute or defend any suit or action to protect the priority of this mortgage, or to preserve the premises herein, then Mortgagor covenants to pay such sum as the court shall adjudge reasonable as attorney fees in said suit, together with the cost of any such action and the necessary expense of searching public records concerning the mortgaged premises.

It is understood that this mortgage is given to secure the balance of the purchase price for the above described property, and in consideration of such transaction and the several sums paid and to be paid by Mortgagor as provided herein, Mortgagee agrees, provided this mortgage and the Promissory Note secured hereby is not then in default, to release from the lien of this mortgage portions of the real estate as shall be selected by Mortgagor from time to time subject to the following terms and conditions, to-wit:

(a) Such portions of the real estate to be released shall be at least five (5) acres in area and shall include an easement for ingress and utility purposes 60 feet in width. As a condition of such further releases Mortgagor shall tender additional principal installment to be credited upon the obligations secured hereby in the amount of \$1,500.00 per acre for any such tracts being released until the unpaid principal balance of the promissory note secured hereby has been reduced to not more than \$94,000.00 and, after such reduction in principal balance, Mortgagor shall tender additional principal installments to be credited upon the obligation secured hereby in the amount of \$900.00 per acre for any such tracts being released.

(b) Any such releases provided herein shall be solely at Mortgagor's expense, including any required survey, platting, legal or other charges.

(c) Mortgagee will not be obligated to grant any such partial release which will unreasonably impair Mortgagee's security interest in the property. By way of interpretation of the foregoing sentence it is under-

stood that useable access at least 60 feet in width will always be preserved to any unreleased portion of the property, and the entire property described herein will be so managed by Mortgagor regarding the subdivision of the property, installation of roads and the granting of partial releases, that the unreleased portions of the property will always constitute adequate and reasonable security for the declining balances of the obligations secured hereby.

In Witness Whereof, the parties have executed this 5th day of October, 1977.

SIRRAH CORPORATION

Bill Lyons

By: [Signature]

Marie Lyons

MORTGAGEE

MORTGAGOR

STATE OF WASHINGTON)
County of Clark) ss.

On this day personally appeared before me BILL LYONS, known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they executed 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 5th day of October, 1977.

[Signature]
Notary Public in and for the State of Washington, residing at Washougal.

STATE OF WASHINGTON)
County of Clark) ss.

On this 5th day of October, 1977, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared EUGENE F. HARRIS, to me known to be the President of SIRRAH CORPORATION, the corporation that executed the foregoing instrument, and acknowledged 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 he is authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.

[Signature]
Notary Public in and for the State of Washington, residing at Washougal.