

55 979

REAL ESTATE MORTGAGE

(Leasehold Interest)



This mortgage, made this 26th day of July, 1978, by the mortgagors, WINFIELD W. SCOTT and JUDY M. SCOTT, husband and wife, to WILLIAM A. McVAY and MARY H. McVAY, husband and wife, the mortgagees:

WHEREAS, the State of Washington, Department of Natural Resources, did by a certain lease, Lease No. 51987, bearing date of August 11, 1970, as amended by document dated February 15, 1972, as authorized under RCW 79.01.096, demise and lease for purposes stated in its bid for development and use unto Water Front Recreation, Inc., a Washington corporation, all and singular premises hereinafter described, all as located in the County of Skamania, State of Washington, to wit:

Government Lots 4 and 8, Section 26, Township 7 North, Range 6 East of the Willamette Meridian, having an area of 68.49 acres, more or less. Subject, however, to an easement for right of way for access road acquired by the United States of America, United States Forest Service; and

WHEREAS, the term of said lease is for a period of fifty-five (55) years from June 1, 1970 to June 1, 2025, subject to a renewal as provided by law. Water Front Recreation, Inc., a Washington Corporation, is to pay to the State of Washington such sums at such times at a place designated, all in accordance with the terms of said Lease No. 51987 held in the office of the Department of Natural Resources, State of Washington, and as recorded under Auditor's File No. 72521, records of Skamania County, Washington; and

WHEREAS, in accordance with the terms of the lease and the development plan submitted to the State of Washington, the property herein described is not used principally for agricultural or farming purposes; and

WHEREAS, Water Front Recreation, Inc. has submitted, and approved, and recorded in the Office of the Auditor of Skamania County, Washington, a Plat and Survey of the above described property entitled "Water Front Recreation, Inc." dated May 14, 1971, on file and of record under Auditor's File No. 73635 at page 306 in Book "J" of Miscellaneous Records of Skamania County, Washington, together with appurtenant easement as established in writing on said plat for the joint use of the area shown as roadways on the plat, THE NORTH WOODS, are entering into this mortgage to WILLIAM A. McVAY and MARY H. McVAY, husband and wife, to secure an indebtedness, to

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WILLIAM A. McVAY and MARY H. McVAY, husband and wife, as security for purchase of interest in Cabin Site Lease, partially completed improvements and contents thereon, on Lot 51, described below.

WHEREAS, Water Front Recreation, Inc. did with approval of the State of Washington and in conformance with the primary lease heretofore described, make, execute and deliver to the mortgagor herein a document entitled "Cabin Site Lease", a copy of which is hereto attached and incorporated herein as if set out in full.

NOW THEREFORE, to secure the just indebtedness of the mortgagors to WILLIAM A. McVAY and MARY H. McVAY, husband and wife, WINFIELD W. SCOTT and JUDY M. SCOTT, husband and wife, make the covenants hereinafter stated and mortgage to WILLIAM A. McVAY and MARY H. McVAY, husband and wife, mortgagees, their cabin site leasehold interest, on the following real property located in the County of Skamania, State of Washington, to wit:

LOT 51, as shown on the Plat and Survey entitled Record of Survey for Waterfront Recreation, Inc., dated May 14, 1971, on file and of record under Auditor's File No. 73635, at page 306 of Book "J" of Miscellaneous Records of Skamania County, Washington, TOGETHER WITH an appurtenant easement as established in writing on said plat, for the joint use of the areas shown as roadways on the plat. SUBJECT TO reservations by the United States of America in approved selection list number 25, dated March 4, 1953, and recorded September 4, 1953, at page 23, of Book 52 of Deeds, under Auditor's File No. 62114, records of Skamania County, Washington as follows:

".....the provisions, reservations, conditions and limitations of Section 24, Federal Power Act of June 10, 1920, as amended.....and the prior right of the United States, its licensees and permittees to use for power purposes, that part within Power Projects Nos. 2071, 2111, and 264."

The lien of this mortgage shall also extend over and to and shall cover any future interest that the mortgagor may acquire in the said real property, and also all future equipment, appurtenances or fixtures, attached to or becoming a part thereof, as such equipment and appurtenances are hereinafter described and also the rentals, issues and profits of the mortgaged property.

The debt secured by this mortgage is in the principal sum of Ten Thousand and No/100 (\$10,000.00) Dollars, payable in Ninety Six (96) monthly installments of One Hundred Forty Six and 51/100 (\$146.51) Dollars each, all in accordance with the terms and conditions of one certain promissory note evidencing this debt which note

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is of even date with this mortgage and is made, executed and delivered by the mortgagor to the mortgagee concurrently with this mortgage and as part of this contract.

Also, this mortgage lien shall continue in force and exist as security for any and all other advances which may hereafter be made by the mortgagee to the mortgagor, and shall continue in force and exist as security for any debt owing, or hereafter to become owing, by the mortgagor to the mortgagee.

The mortgagors covenant that they are the owners of the leasehold interest in the above described premises; that the same are now free of encumbrance; that this mortgage is for the benefit of the mortgagee for its proper use and benefit for and during all the rest, residue and remainder of said term of years yet to come and unexpired; subject, nevertheless, to the rents, covenants, conditions, and provisions in the indenture of lease mentioned from the State of Washington; that by separate document they have assigned with consent of the State of Washington all of their right, title and interest in and to the above described leasehold interest to the mortgagee herein as a part of this transaction and contract to better secure the mortgagee; that the State of Washington has consented to the mortgagor entering into this transaction; that they will keep the buildings and other destructible property covered by this mortgage insured against loss by fire, in a sum at least equal to the mortgagee's appraised value thereof; such insurance contract shall be issued by a responsible insurance company and the policy evidencing the same shall be delivered into the possession of the mortgagee. The said policy shall be endorsed by the mortgagor and shall contain an appropriate clause providing that the loss thereunder, if any, shall be payable to the mortgagee, in accordance with its interest at the time of loss. The mortgagor further covenants that they will pay promptly all premiums on such insurance; and that they will pay promptly before delinquency any and all installments of taxes, special assessments and other governmental levies, together with all rentals and payments required of them under the Cabin Site Lease hereto attached, which may hereafter be levied against or become a lien upon this mortgaged property; that they will keep the buildings and appurtenances on the said property in a good state of repair, all to the effect that the value of the said property shall not be impaired during the life of this mortgage.

The mortgagor further covenants and agrees that any and all electric wiring, furnace and heating systems, including water heaters, burners, fuel storage bins and tanks, the plumbing, ventilating, water and irrigation systems, the screens and screen doors, built-in mirrors, cupboards, cabinets, and other things of the like or similar character, and all trees and

garden shrubs, shall be considered as, and in case of foreclosure, of this mortgage, adjudicated to be, fixtures, and a part of the mortgaged property, and shall pass to the purchaser at any execution sale resulting from a foreclosure of this mortgage, and in the absence of foreclosure, and during the life of this mortgage, none of such items shall be removed, nor their value in any way impaired, by the mortgagor or their successor. In event Section 5.09 of the master lease referred to below is invoked for the protection of the mortgagee, the above items shall be considered in the same manner as if this mortgage had been foreclosed, or in the event mortgagee obtains possession through any other means the items above referred to shall be considered in like manner.

The mortgagor further covenants and agrees that the loan secured by this mortgage is made upon the personal character and integrity of the mortgagor, as well as upon the security offered and that therefore they will not convey this mortgaged property, or any interest therein, without the consent of the mortgagee, and if any such consent is given, and any such conveyance made, the purchaser or grantee will, personally, assume and agree to pay this debt.

Now if the mortgagor shall fail to pay any installment of principal or interest upon the debt secured hereby or should they fail to perform strictly any other covenants or conditions of this mortgage or the note evidencing the debt secured hereby, or the covenants, conditions and terms of the lease indenture with Water Front Recreation, Inc., identified and referred to above, then, at the election of this mortgagee, the whole debt secured hereby shall become immediately due and payable and mortgagee may invoke all or any of the terms of the lease made by the mortgagor with Water Front Recreation, Inc. for the benefit of a lending agency. In addition, those premises in the master lease from the State of Washington to Water Front Recreation, Inc. for the benefit of mortgagee are hereby incorporated specifically, and mortgagor agrees to assign their Cabin Site Lease to mortgagee herein referring to, but not limited to Section 5.08 and Section 5.09, as amended by document dated February 10, 1972, of said lease which state as follows:

"5.08" Insolvency of Lessee. If the Lessee becomes insolvent or bankrupt, or if a receiver is appointed, the State may cancel, at its option, the lease unless the lease has been used as collateral with the State's consent. If the Lessee should default in a payment to the lending agency, the State, upon request by the lender, shall assign the lease to the lending agency who may, thereafter, either operate the leased site or, with the approval of the State, assign the lease.

"5.09" Status of Sub-leases. Termination of this lease by cancellation or otherwise, prior to the lease termination date, shall not serve to cancel approved sub-leases, nor derogate from the rights of the lienholders of record, but shall operate as an assignment to the State of any and all such sub-leases, together with the unrestricted right of the State to receive all sub-lease payments therein provided for from the date of said assignment. Upon termination of this lease, by cancellation or otherwise, prior to the termination date of said lease, the Lessee shall have no claim to sub-lease payments and/or sub-lease improvement values herein contained."

Or mortgagees may immediately foreclose this mortgage and the property covered by this mortgage may be sold as provided by law, or in the event of such assignment of foreclosure sale or the invoking of any other remedy provided by law by the mortgagees, shall be a perpetual bar, both in law and equity, against the mortgagors against all persons claiming or to claim the premises, or any part thereof by, from, through or under the mortgagors or any of them.

At election of mortgagees, if it so desires, if mortgagors shall fail to pay any installment of taxes, special assessments or other governmental levies that may become due, or if they shall fail to purchase and pay the premium on any policy of insurance, then the mortgagee may pay or advance such sums as may be necessary to pay such tax assessments, or governmental levy, or such insurance premium, and the amount so paid shall be added to and become a part of the debt secured hereby.

The mortgagors further agree that if they should fail to make the payments as herein provided, or should they fail to perform any other covenant or condition of this contract, and in case of a foreclosure action, they agree to pay, in addition to the principal and interest then due, and in such addition to any items of expense as are above mentioned, such sum as the Court may adjudge reasonable as attorney's fees in such foreclosure action.

The mortgagors further represent that the funds loaned by the mortgagees and secured by this mortgage are to be used for improvements of the mortgaged premises.

DATED this 26th day of July, 1978.

Winfield W. Scott
WINFIELD W. SCOTT

Judge M. Scott
JUDGE M. SCOTT

STATE OF WASHINGTON)
County of CLARK) ss.

On this day personally appeared before me WINFIELD W. SCOTT and JUD M. SCOTT, husband and wife, 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 25th day of July, 1978.

Kathleen W. Scott
NOTARY PUBLIC in and for the
State of Washington
Residing at Vancouver
My Commission Expires: 2/1/81

STATE OF WASHINGTON }
COUNTY OF WASHINGTON }

I HEREBY CERTIFY THAT THE WITHIN

INSTRUMENT OF WRITING FILED BY

James R. Scott, et al
100 1/2
of Vancouver, WA
AT 12:30 PM Nov 16, 78

WAS RECORDED IN BOOK 355

OF Map AT PAGE 974-84

OF RECORDS OF WASHINGTON COUNTY, WASH.

W. R. Scott
COUNTY CLERK
B. R. Scott

REGISTERED	<input checked="" type="checkbox"/>
INDEXED: ERL	<input checked="" type="checkbox"/>
INDEXED: J	<input checked="" type="checkbox"/>
RECORDED:	<input checked="" type="checkbox"/>
COMPARED	<input checked="" type="checkbox"/>
MAILED	<input checked="" type="checkbox"/>

CABIN SITE LEASE

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WATER FRONT PROPERTY, 1/2 Section 26, Township 7 North, Range 6 East, W.M., Skamania County, Washington, in

hereinafter called Lessor, to Lessee the following described cabin site on the terms and conditions hereof:

Cabin site number: 1. Of the North Woods as shown in map as Exhibit "A" attached hereto (all distances being approximate), being part of Government Lots 4 and 8, Section 26, Township 7 North, Range 6 East, 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.

SECTION 1. OCCUPANCY

1.01 Term. This Lease is granted for the period beginning June 1, 1970, and terminating on June 1, 1975, 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 inspect the premises at reasonable times.

SECTION 2. RENTAL

2.01 Basic Rental. As rental for each lease year, the Lessee shall pay to the Lessor the sum of

Dollars (\$ 400.00)

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 the Lessor at the office of the Auditor of Skamania County, Washington, 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 preceding 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 shall be the amount of the increase in Lessor's rental to the State of Washington divided by the total annual rental of the Lessee's 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 involved, 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 CONVENANTS

3.01 Declaration. In order to preserve the natural beauty of the North Woods, to provide for the comfort 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 a 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, tidy, 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 sales 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 to the area.

SECTION 4. IMPROVEMENTS

4.01 **Access.** No access, easement, or property of any kind shall be created or accepted in any way, subject to this lease. No other public property or easement shall be created or accepted in any way, subject to this lease. No other public property or easement shall be created or accepted in any way, subject to this lease.

4.02 **Insulation.** Because of suppression of insurance coverage, the Lessee shall be responsible for the cost of any and all insurance coverage for the cabin site.

4.03 **Fires and Fireplaces.** Interior fireplaces, stoves, or other light fixtures shall be constructed by use of approved screens. All fires must be extinguished before leaving the cabin. No fire shall be used for cooking or heating.

4.04 **Firearms and Firearms.** Discharging of any firearm, including any other firearm, within the North Woods area shall be prohibited.

4.05 **Commercial Use.** No plotter or shall be used for any commercial purpose, except that a Lessee may rent his cabin from time to time, and in such case that he is responsible for tenants under the terms of this lease.

4.06 **Motorbikes.** No motorbike or motorcycle riding of any nature shall be allowed except for medical purposes.

4.07 **Fire Extinguisher.** One fire extinguisher (minimum two quart capacity) must be kept in every cabin.

4.08 **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 weeks over a week-end period.

4.09 **Solicitation.** There shall be no solicitation or distribution of handbills or circulation of any kind without the written consent of Lessor.

4.10 **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 and submitted with plan of development, quality of workmanship and materials, harmony of exterior design and color with existing 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 approved frame, wood frame studs or simulated brick veneer construction is expressly prohibited. All roofs shall be of approved shingles or shakes, or of an acceptable composition. Color to be approved prior to application by the Lessor or such person as may be 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:

"5.04 **Ownership - Sub-lease Improvements.** All buildings and improvements, excluding removable personal property and trade 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 5.03 provided, however, upon the expiration of the lease (master lease), if the State is unsuccessful in releasing the leased site (North Woods) as a unit, then each sub-lease (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 5.03 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 this above noted 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 rules 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 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 as 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 the 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. The Lessee shall provide adequate facilities for sewage disposal, and shall not cause any pollution or other harm to the Swift Reservoir. The Lessee shall be responsible for the maintenance and repair of all sewage disposal facilities.

6.02 Fire Systems. Lessee agrees to install and maintain fire protection equipment, including fire extinguishers, fire alarm systems, and fire hydrants, in accordance with applicable codes and regulations. The Lessee shall be responsible for the maintenance and repair of all fire protection equipment.

6.03 Water. Each cabin site has or will be furnished with water at a well, the City of Seattle. Each Lessee shall be responsible for the maintenance and repair of all water supply facilities.

6.04 Maintenance. The Lessee shall bear the responsibility and expense of furnishing, installing, maintaining, and repairing such underground trench or other digging work with conduits which is necessary for installing connections or facilities to serve each 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 Lessee. 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 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 on 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 proof of 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: 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 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, and 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, proceedings 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 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. 2111 or as amended. The Lessee shall waive all claims or 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 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 aforesaid remedies in any Court having jurisdiction of such cases.

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 this 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.

1371 N.W. 49th VANCOUVER, B.C. V6L3

8193. Failure to Provide Property Report. Lessee shall have the option to void this lease if he does not receive the property report prepared pursuant to the rules and regulations of the U.S. Department of Housing and Urban Development, in addition to, or at the time of, his signing the lease, and Lessee shall have the right to revoke this lease within 48 hours of not signing the lease if he did not receive the property report at least 48 hours before signing the lease. However, this option to void the lease shall not apply where Lessee has received the property report and inspected the lot or lots to be leased in advance of signing the lease and acknowledges by his signature that he has made such inspection and has read and understands such report.

Each and every provision of this lease shall bind and shall inure to the benefit of the respective heirs, representatives, successors and assigns of the parties. In the event lessee is more than one person, the liability of such persons hereunder shall be joint and several.

Five foot easements are reserved to the Lessor and its assigns on the southerly lot line of Lot 10, and the northerly lot line of Lot 11 for access to the water front. Said access to serve as pathway to boat docks if it is determined by Lessor that additional boat docks are needed to serve "The North Woods" community.

Setzer, 1974.

By J. H. [Signature]
President

By James E. Smith
Secretary

LESSOR

LESSEE

I (we) hereby acknowledge that prior to the signing of this lease, I (we) have received, read, and understand the PROPERTY REPORT prepared pursuant to the rules and regulations of the U.S. Department of Housing and Urban Development (Office of Interstate Land Sales Registrations) and the PROPERTY REPORT prepared pursuant to rules and regulations of the Oregon Subdivision control law ORS 92.210 - 92.090. I (we) also acknowledge that I (we) have inspected the lot to be leased.

William H. McWay
 Mary H. McWay
 LESSFE

PROPERTY REPORT

This report is prepared for the use of the purchaser of the property and is not to be used for any other purpose. It is not to be used as a basis for any other report or for any other purpose.

The report is prepared on the basis of information received from the developer of the property and is not to be used as a basis for any other report or for any other purpose.

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1. Name of Developer: Water Front Recreation, Inc. 12 Washington Street Corporation 1211, Box 96217, Portland, Oregon 97205.

2. Name of Subdivision: The "North Woods" - (Division 2)
Location: Skamania County, State of Washington

a. Effective date of Property Report: June 18, 1972

b. This offering consists of Lots 54 through 68 and Lots 93 through 111 (the combined lots of both Division 1 and Division 2 are Lots 1 through 111)

Legal description: Government Lots 4 and 5 of Section 26, Township 7 North, Range 6 East, W.M., consisting of 82.80 acres, more or less, according to the government survey thereof, EXCEPT that portion thereof consisting of Lots 1 through 111 identified on "Record of Survey recorded July 2, 1971, at page 306 of Book 2 of Miscellaneous Records, under Auditor's File No. 73625, Record of Skamania County, Washington.

3. List names and populations of surrounding communities and list distances over paved and unpaved roads to the subdivision.

Name of Community	Population	Distance over Paved Roads	Unpaved Roads	Total	(PART V-6 A)
(a) Vancouver, Washington	40,000	60	1 1/2	2 1/2	
(b) Woodland, Washington	1,500	45	1 1/2	4 1/2	
(c) Colgar, Washington	98	15	1 1/2	1 1/2	
(d) Gifford Pinchot Ranger Station	45 to 70 (depending on season)		1 1/2	1 1/2	

4. If periodic payments are to be made by a buyer, list the date of installment contracts; complete all items under Paragraph 4. If not, enter "Not Applicable".

(a) Will the sales contract be recordable? Yes or No

Yes, the lease will be recordable.

(b) In the absence of recording, could the developer's creditors or others acquire title to the property free of V-6 (A)

No obligation to deliver a deed to the buyer when final payment is made under the sales contract?

No. Under the terms of the master lease between Water Front Recreation, Inc. and the State of Washington Paragraph 4.09 reads as follows:

Insolvency of Lessee: "If the Lessee (Water Front Recreation, Inc.) becomes insolvent or bankrupt, or if a receiver is appointed, the State may, at its option, the lease unless the lease has been used as collateral with the State's consent. If the Lessee should default in payment to the lending agency, the State upon request by the lender shall assign the lease to the lending agency who may, thereafter, either operate the leased site or, with the approval of the State, assign the lease."

Under the terms of the Cabin Site Lease between Water Front Recreation and individual lessees, Paragraph 5.01 reads as follows:

Default and Notice: "If any default shall be made on the part of the Lessee in the observance or performance of any of the terms, covenants, agreements, or provisions of this lease by him to be observed or performed and such default continues for sixty (60) days after written notice, the lessor may, at its option, immediately terminate this lease, forfeit Lessee's interest therein, and forthwith exclude the Lessee from the premises and from all rights hereunder, but the Lessee shall nevertheless be liable to the Lessor for all liabilities incurred hereunder prior to such termination. Waiver of any default hereunder shall not constitute a waiver of any subsequent default. Service of any notice provided for herein by the Lessee may be made by depositing such notice in the United States mails addressed to the Lessee at _____"

*Note: Deeds are not applicable to this lease.

(c) What provision, if any, has been made for refunds if buyer defaults?

None

(d) State prepayment penalties or advantages, if any.

None

5. Is there a blanket mortgage or other lien on the subdivision or portion thereof?

No, none that could affect lessees continuing of lease. In addition to the assurance given under Paragraph 4

(b) above, lessee is further protected as follows under the terms of the master lease.

Status of Sub-Leases, Paragraph 5.09: "Termination of this lease; (master lease) by cancellation or otherwise prior to the lease termination date, shall not serve to cancel approved sub-leases, nor derogate from the rights of the lessees of record, but shall operate as an assignment to the State. Any and all such sub-leases, together with the unrestricted right of the State to receive all sub-lease payments therein provided for from the date of said assignment. Upon termination of this lease, by cancellation or otherwise, prior to its termination date of said lease, the Lessee shall have no claim to sub-lease payments and/or sub-lease improvement values herein contained."

6. Does the offering contemplate leases of the property in addition to, or as distinguished from, sales?

Yes. See attached Lease Addendum.

7. Is buyer or lessee to pay taxes, special assessments, or to make payments of any kind for the maintenance of common facilities in the subdivision? (a) before signing lease? No. (b) after signing of lease? Yes. Taxes.

Current Skamania County taxing authorities.

Special Assessments.

Current Skamania County taxing authorities.

PROPERTY REPORT continued

Comments to Property Owner's Association

1. 50 per month. The North Woods Association commencing at the time 50 lots are leased.

2. Each year construction fee is to be paid to owner of the type construction as made by lot owner.
3. Washington State requires payment for any trees with 4" diameter cut down by owner to prepare for the future construction. The cost to owner will be based on the State's standard appraisal of value for each tree cut.

4. Each 8 inches at chest height.
5. All of the costs listed above are contained in "Cabin Site Lease".

6. a. Has Lessee's down payment and installment payments to be placed in escrow or otherwise set aside? Yes or No? If yes, with whom? If not, will title be held in trust or escrow? No.
b. No down payment, earnest money deposits, good faith deposits, or other payments will be accepted except payment in full for the first year's lease or prepayment for the first 12 year's lease. Equal annual lease payments will follow subject to rental adjustments as shown in Lease Agreement attached hereto. Washington State holds title to the land.

7. a. Except for those property reservations which said developers claim to be necessary to local bodies or public utilities for the purpose of bringing public services to the area being developed will (lessor) receive a deed free of encumbrances? Yes or No? If no, list all encumbrances, easements, reservations and their effects on buyer.
b. No.

8. Lessee will not receive a deed. Washington State holds title to the land. All requirements, easements, covenants, and reservations are contained in "Cabin Site Lease" attached hereto. There are no mineral and reservations. The easement referred to in the legal description (Page 1 "Cabin Site Lease" is a Forest Service Road No. N. 90. Said road provides legal access to the subdivision and is for the use of the subdivision or enjoyment of their leasehold. Paragraph 7.03 "Reservoir Level" and "Reservoir Level" are not a creation inconvenience because of the periodic fluctuation of water level.

9. c. Lessee should determine admissibility of the property from local health authorities. With the cooperation of Health and Sanitation, the Skamania County zoning district does not allow for development on Washington State lands. The permissible use of the property is contained in the "Cabin Site Lease" attached hereto as approved by Washington State.

10. d. None of the lots or portions thereof are covered by water at any time of the year except as the result of rain or snow. In the past none of the lots or portions thereof have been subject to floods, hurricanes, tornadoes, earthquakes, mudslides, brushfires, forest fires, volcanic eruptions, or other natural hazards. The development is in a forest area and is not subject to mudslides, or forest fires. The area falls within the Forest Fire Protection Area of the Washington State Department of Natural Resources at Battle Ground, which has men and equipment in the area all year around. Also the cooperation of the U.S. Forest Service in that area, by agreement with the State.

Fire insurance is available to lessee covering their leasehold improvements. The area has not been formally identified by any Federal, State, or local agency as being in an area subject to any of the above natural hazards, and is not subject to any special land use requirement which will restrict the development or entail unusual development or maintenance expense.
There are no noises from industrial activity, airport, or other transportation facilities, animal pens, entertainment centers, etc., which would affect the subdivision. There are no unusual physical hazards, such as dilapidated or abandoned buildings, unsafe construction, air or vehicle traffic hazards, danger from fire, explosion, radiation hazards, etc., which would affect the subdivision. There are no other nuisances, such as smoke, chemical fumes, stagnant ponds, or marshes, slaughterhouses, sewage treatment facilities, etc., which would affect the subdivision.

11. a. List all recreation facilities currently available (e.g., television, sports, beaches, etc.) State any costs or assessments to buyer or lessee.

Boating, fishing, water skiing, scuba diving, snowmobiling, swimming, hiking, huckleberry picking, hunting, mountain climbing, television (battery operated) - no costs or assessment to lessees.

b. If facilities are proposed or partly completed, state promised completion date, provisions to insure completion, and all estimated cost or assessments to buyer or lessee. The "Cabin Site Lease" attached hereto contains the following in reference to boat docks. Section 3 Paragraph 3.02 "Lessor (Water Front Recreation, Inc.) 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 construction, lessor shall contribute \$5,000 to the North Woods Association for construction of such dock."
Dock maintenance shall be by the North Woods Association of which all lessees shall be members. Association dues are \$1.50 per month commencing at the time 50 lots are leased.

12. State whether or not the following are now available in the subdivision: Garbage and trash collection, sewage disposal, paved streets, electricity, gas, water, telephone. If yes, state any estimated costs to buyer or lessee. Garbage: No, but as of November 1, 1971 the Pacific Power & Light Co. and the National Forest Service are presently contacting truck haulers to determine the feasibility of hauling their campgrounds, garbage out of the area. In such event, NORTH WOODS lessees could contract with the truckers for their garbage removal. Lessees are presently taking their garbage to their permanent homes, or depositing it at the Cougar, WA dump 10 1/2 miles from the subdivision, and on the way out.

Sewage Disposal: No. The North Woods subdivision has been approved for individual lot septic tank installation, and the estimated cost per lessee is \$360.

Paved Streets: No.

Electricity: No, but the Skamania County P.U.D. is hopeful of bringing service to the subdivision in the fall of 1972. Lessor can give no guarantee.

Gas: No, but propane delivery is available from Longview, Washington and Vancouver, Washington.

Water: Yes. But the water system installation is in progress and is expected to be completed by July 1, 1972. It would have been completed sooner, but due to extremely heavy snowfall and heavy rains, the construction was delayed. The Washington State Department of Ecology and Department of Social and Health Services have approved a natural surface supply now being developed. There will be no construction costs to lessees, but they will be required to pay a \$225 connection fee to lessors at the time they connect to the system. There will be no service fee for water use. The State of Washington controls construction materials to be used in the water system and the quality and purity of the water.

Fire Protection: Yes. The area falls within the forest fire protection area of the Washington State Department of Natural Resources at Battle Ground which has men and equipment in the area all year around. Also the cooperation of the United States Forest Service in that area by agreement with the State. The Skamania State office is Cougar.

13. The Skamania County Association may voluntarily elect to increase dues or make assessments to their members.

It is important to note that the results of the present study are based on a cross-sectional design. Therefore, the causal relationship between the variables cannot be established. The results of the present study suggest that the use of mobile phones in the workplace is associated with increased productivity. However, it is possible that the use of mobile phones in the workplace is a result of increased productivity. Therefore, further research is needed to establish the causal relationship between the variables.

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LEASE ADDENDUM

1. **GRANTING OF LEASE.**
 Lease under June 1, 2025 unless sooner terminated as provided in "Cabin Site Lease."

2. Will the lease be recordable? Yes or No?
 Yes.

3. Is there any provision or penalty against the lessee for recording the lease? Yes or No? If yes, explain.
 No.

4. Can the owner's developers or creditors or others acquire title to the property free of any obligation to continue the lease? Yes or No? Explain.
 No. The title to the property is held by the State of Washington and the lessee's assurance of a continued lease is given hereunder.

Under the terms of the master lease between the Water Front Recreation, Inc. and the State of Washington, Paragraph 5.08 reads as follows: "If the lessee (Water Front Recreation, Inc.) becomes insolvent or bankrupt, or if a receiver is appointed, the State may cancel, at its option, the lease unless the lease has been used as collateral with the State's consent. If the lessee (Water Front Recreation, Inc.) should default in payment to the lending agency, the State upon request by the lender shall assign the lease to the lending agency who may, thereafter, either operate the leased site or, with the approval of the State, assign the lease."

Lessees are further protected by Paragraph 5.09 of said master lease as follows: "Termination of this lease (between Water Front Recreation, Inc. and Washington State) by cancellation or otherwise prior to the lease termination date, shall not serve to cancel approved sub-leases, but shall operate as an assignment to the State of any and all such sub-leases together with the unrestricted right of the State to receive all sub-lease payments therein provided for from the date of said assignment."

5. Describe whether rental payments are flat sums or graduated.
 Describe any provisions for increase of rental payments during the term of the lease.

A basic rental for each lease year shall be paid in advance on the first day of September (anniversary date) and all payments shall be made to Lessor at 8655 S.W. Canyon Road, Portland, Oregon 97225 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.

Lessor may, as of any anniversary date, increase the annual rental as follows:

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 over the total annual rental of the Lessee 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 foregoing formula is illustrated as follows:

Lessee's share of increase = Increase under master lease to Lessor X Lessor's annual rental / Total annual rentals of sites

(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.

Note: Lessees are to be advised that as of the date of this filing there are no real property taxes assessed against Washington State land. A movement is under way, however, to legislate such taxation. The above rental increase will not be effective unless such legislation is enacted.

(as opposed to improvement taxes)

(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.

6. Are there any provisions in lease prohibiting assignment and/or subletting? Yes or No? If yes, describe.
 No, with approval of Lessor.

7. Summarize termination provisions in the lease.

Section 8 Termination (see attached "Cabin Site Lease"), provides as follows:

8.01 Default and Notice. If any default shall be made on the part of the Lessee in the observance or performance of any of the terms, covenants, agreements, or provisions of this lease by him to be observed or performed and such default continues for sixty (60) days after written notice, the Lessor may, at its option, immediately terminate this lease, forfeit Lessee's interest therein, and forthwith exclude the Lessee from the premises and from all rights hereunder, but the Lessee shall nevertheless be liable to the Lessor for all liabilities incurred hereunder prior to such termination. Waiver of any default hereunder shall not constitute a waiver of any subsequent default. Service of any notice provided for herein by the Lessor may be made by depositing such notice in the United States mails

addressed to the Lessee at 1311 N.W. 49th Ave., Richland, WA 98665

8.02 Master Lease Termination. It is expressly understood that Lessor has leased the premises from the State of Washington for a period ending June 1, 2025. The master lease provides that in the event it is terminated for any reason whatsoever, prior to the lease termination date, such termination shall operate as an assignment to the State of Washington of this lease together with the unrestricted right of the State to receive payment of the rents herein provided from the date of said assignment.

8. Does the lease prohibit the lessee from mortgaging or otherwise encumbering the realty? Yes or No?
 No.

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LEASE ADDENDUM CONTINUED

EXHIBIT 55 PAGE 994

B. Can the lessee be permitted to remove improvements when lease expires?

No. Section 6 (see attached "Cabin Site Lease") provides as follows:

5.07 Ownership of Improvements. The master lease provides as follows:

"5.04 Ownership of Sub-lessee Improvements. All buildings and improvements, including movable personal property and trade 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 5.03; 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 term, or expiration of this lease (master lease) or a sub-lease (this lease) assigned under paragraph 5.03 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 on or May 31, 2025."

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... FILED BY ...

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