

THE MORTGAGE OF LEASEHOLD INTEREST

THIS MORTGAGE made on the 1st day of November 1978, between JOHN LAMBERT and FRANK LANCASTER, husband and wife, of 2022 S.E. Lawton Court, Hillsboro, Oregon, 97120, herein referred to as Mortgagor, and JAMES GIFE and NEONI GIFE, husband and wife, Box 37, Northwoods Cabin Site, Cougar, Washington, 98616, herein referred to as Mortgagee, witnesseth:

Whereas, mortgagor is the assignee under a certain assignment of lease, dated the 1st day of November, 1978, under which there was assigned to mortgagor, all of the right, title and interest of mortgagee in the premises hereinafter mentioned and described, together with the appurtenances and improvements existing thereon; to have and to hold the same unto mortgagor, as lessee, and to his executors, administrators, and assigns, until October 31, 2028, or until subsequent assignment at option of mortgagor, said assignment being attached hereto as Exhibit "A" and incorporated herein by reference.

Whereas, mortgagor is justly indebted to mortgagee in the sum of Eighteen Thousand and no/100 Dollars (\$18,000.00) lawful money of the United States, evidenced by a note dated the 1st day of November, 1978, conditioned on the payment of such sum as provided for in said note, with interest computed at the rate of nine and one-half percent (9 1/2%) per annum, as provided therein, and any future advances given mortgagor by mortgagee for the

purpose of improvements to the real property described on Page 2 hereof.

It is expressly agreed that the whole of such principal sum shall become due at the option of mortgagee after default of the payment of any installment of interest or principal, or any taxes, assessments, or rents, as hereinafter provided.

It is further agreed that mortgagor, as additional security for the payment of such sum of money mentioned in the note, a copy of which is attached hereto as Exhibit "B", and interest thereon, and also for and in consideration of the sum of One and No/100 Dollar (\$1.00) paid by mortgagee, the receipt of which is acknowledged, does grant and release, assign, transfer, and set over unto mortgagee, his heirs and assigns forever, all of mortgagor's right, title and interest to the following described real property:

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 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.

together with the appurtenances existing thereon at the time of the execution of this mortgage and all future improvements and appurtenances constructed thereon during the life of this mortgage, and all the estate and right of mortgagor in and to the premises under the above-mentioned lease.

Mortgagee is to have and to hold the lease and renewals, and the estate of lessee thereunder, for and during the remainder of the unexpired term thereunder, and any renewals

thereof; subject, however, to mortgagor performing the covenants, conditions and provisions in said lease, and for the payment of all rents called for thereunder.

Provided, that if mortgagor shall pay to mortgagee the sum of money mentioned in the note, a copy of which is attached hereto as Exhibit "B", and the interest thereon, at the time or times and in the manner mentioned in such note, then these presents and the estate hereby granted shall cease, determine and be void.

Mortgagor hereby covenants with mortgagee as follows:

1. Mortgagor will pay the indebtedness as provided in such note; and if default shall be made in the payment of any part thereof, mortgagee shall have the power to sell the leasehold interest hereinabove described according to law.

2. Mortgagor will keep the buildings on the leased premises insured against loss by fire, for the benefit of mortgagee, in a sum sufficient to cover the outstanding balance on the note, and shall provide mortgagee with a Certificate of Insurance showing mortgagee as an additional insured thereon and that mortgagee is entitled to notice of cancellation.

3. Mortgagor will pay the rents and other charges provided for and made payable in the lease within ten (10) days after such rent or charges are payable.

4. Mortgagor will at all times fully perform and comply with all agreements, covenants, terms and conditions imposed on or assumed by him as lessee under the lease, and if mortgagor shall fail to do so, mortgagee may, at its

option, take any action mortgagee deems necessary or desirable to prevent or to cure any default by mortgagor in the performance of or compliance of any of mortgagor's covenants or obligations under the lease. Upon receipt by mortgagee from the lessor under the lease of any written notice of default by the lessee thereunder, mortgagee may rely thereon and take any action as aforesaid to cure such default even though the existence of such default or the nature thereof is questioned or denied by mortgagor or by any party on behalf of mortgagor. Mortgagor hereby expressly grants to mortgagee, and agrees that mortgagee shall have, the absolute and immediate right to enter in and on the encumbered premises or any part thereof to such extent and as often as mortgagee, in its sole discretion, deems necessary or desirable in order to prevent or to cure any such default by mortgagor. Mortgagee may pay and expend such sums of money as mortgagee in its sole discretion deems necessary for any such purpose, and mortgagor hereby agrees to pay to mortgagee, immediately and without demand, all such sums so paid on behalf of mortgagor and expended by mortgagee, together with interest thereon from the date of each such payment at the rate of twelve percent (12%) per annum. All sums so paid and expended by mortgagee and the interest thereon shall be added to and be secured by the lien of this mortgage.

5. Mortgagor will not surrender his leasehold interest and interest hereinabove described, nor terminate or cancel the lease, and will not without the express written consent

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of mortgaged, sell, transfer, encumber, modify, change, supplement, alter or amend the lease either orally or in writing, and any such termination, cancellation, modification, change, supplement, alteration, or amendment of the lease without the prior written consent thereto by mortgagee shall be void and of no force and effect. As further security to mortgagee, mortgagor does hereby deposit with mortgagee his lessee's original of the lease and all amendments thereto or certified copy thereof, to be retained by mortgagee until all indebtedness secured hereby is fully paid.

6. No release or forbearance of any of mortgagor's obligations under the lease, pursuant to the lease or otherwise, shall release mortgagor from any of his obligations hereunder, including his obligations with respect to payment of rent as provided for in the lease and the performance of all of the terms, provisions, covenants, conditions and agreements contained in the lease, to be kept, performed and complied with by the lessee therein.

7. Mortgagor further agrees that this mortgage is given for the purpose of covering future advances from mortgagee to mortgagor to the extent that future advances are for the purpose of costs associated with improvements placed on the real estate described on Page 2 of this agreement.

8. Unless mortgagee shall otherwise expressly consent in writing, the fee title to the property demised by the lease and the leasehold estate shall not merge, but shall always remain separate and distinct, notwithstanding the

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union of such estates either in the lessor or in the lessee, or in a third party by purchase or otherwise.

It is hereby expressly agreed that the whole of the principal sum and all accrued interest thereon shall become due at the option of the mortgagee after default in the payment of any installment or principal or interest, for thirty (30) days, or after default of the payment of any rent or other charge made payable by the lease for thirty (30) days, or after default in the payment of any tax or assessment for sixty (60) days after notice and demand by the holder hereof.

The word "mortgagor" shall be construed as if it is read "mortgagors", the word "mortgagee" shall be construed as if it read "mortgagees", and the masculine gender shall include the feminine or neuter, whenever the sense of this mortgage so requires.

Any decree of foreclosure of this mortgage shall include all costs, expenses, and fees, including reasonable attorney fees and costs of title search. In case such foreclosure should be settled before judgment is recorded therein, such costs, expenses and fees shall nevertheless be paid by mortgagor.

IN WITNESS WHEREOF, mortgagor has executed this mortgage at MITCHELSON & POYFAIR, Attorneys at Law, 10507 E. Mill Plain Blvd., Vancouver, Washington, the day and year first above written.

John L. Lancaster
JOHN LANCASTER

Fran Lancaster
FRAN LANCASTER

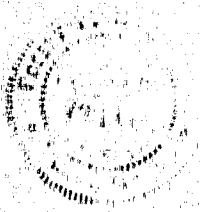
STATE OF WASHINGTON)
)
)
COUNTY OF CLARK

On this day personally appeared before me JOHN LANCASTER and FRAN LANCASTER, husband and wife, to me known to be the individuals who executed the foregoing instrument and acknowledged that they did the same as their free and voluntary act and deed for the uses and purposes therein mentioned.

WITNESS MY HAND AND OFFICIAL SEAL this 1st day of November, 1978.

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

87929



STATE OF WASHINGTON
COUNTY OF SKAMANIA

I HEREBY CERTIFY THAT THE WITHIN INSTRUMENT OR CONTINUED FILED BY Donald A. Topp AT 11:17 AM ON 11-17-78 WAS RECORDED IN BOOK 52 & Page 114 AT PAGE 114 BOOK 52 COUNTY OF SKAMANIA COUNTY, WASH
COUNTY AUDITOR

REGISTERED ✓
INDEXED DIR. ✓
INDIRECT ✓
RECORDED ✓
COMPARED ✓
FILED ✓

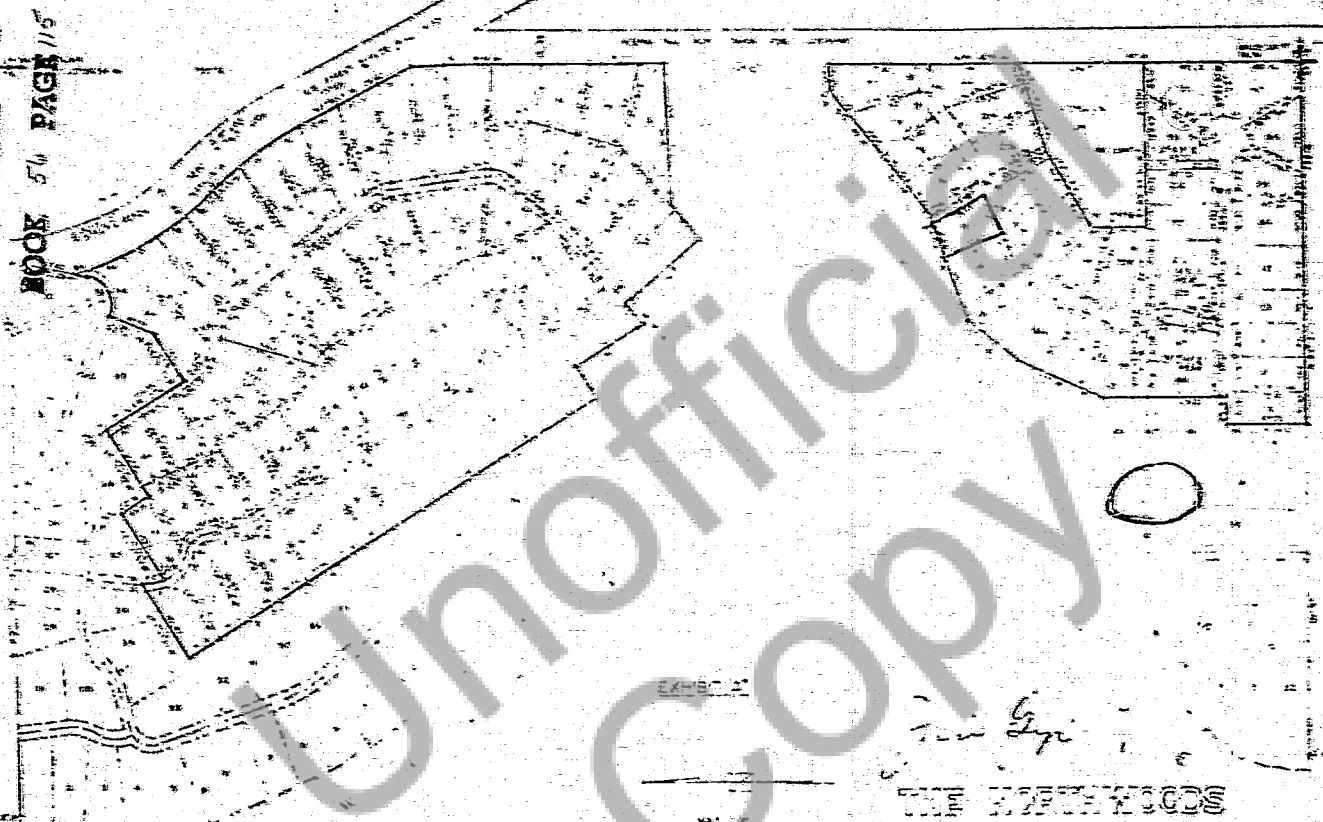


EXHIBIT A

Tom Gyi

THE NORTH WOODS

PLANNING BOARD
1000 17TH AVENUE
SUNNYVALE, CALIFORNIA 94086

APPROVED BY:



NOTES:
1. THIS DEVELOPMENT IS SUBJECT TO THE DEVELOPMENT AGREEMENT
2. THE DEVELOPMENT SHALL BE IN ACCORDANCE WITH THE ZONING ORDINANCE
3. ALL UTILITIES SHALL BE INSTALLED IN ACCORDANCE WITH THE CITY ENGINEER'S REQUIREMENTS
4. THE DEVELOPER SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS FROM THE CITY ENGINEER AND THE COUNTY ENGINEER

THIS MAP FORMED BY REPRESENTS A SURVEY MADE BY ME OR
UNDER MY SUPERVISION IN CONFORMANCE WITH THE REQUIREMENTS
OF THE SURVEYING ACT OF THE STATE OF CALIFORNIA
WATERBURY SURVEYING, INC. IN MARCH 1973

WATERBURY SURVEYING, INC.
6247 NO. 10TH

DATE OF SURVEY: 3/15/73