

FILED FOR RECORD
SKAMANIA CO. WASH
BY SKAMANIA CO. TITLE

TRUST DEED
(Skamania Lodge)

OCT 31 2 45 PM '94

P. Lawry
AUDITOR

GARY M. OLSON

BOOK 146 PAGE 805

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October 31, 1994

Salishan Lodge, Inc. ("Grantor"), whose address is 5331 S.W. Macadam Avenue, Suite 242, Portland, Oregon 97201

U.S. Bank of Washington, National Association ("Trustee"), whose address is Post Office Box 3347, Portland, Oregon 97208

United States National Bank of Oregon ("Beneficiary"), whose address is 321 S.W. Sixth Avenue, Portland, Oregon 97204

1. The Collateral. For valuable consideration, the receipt and sufficiency of which hereby are acknowledged, Grantor hereby:

(a) mortgages, transfers, assigns, and conveys in trust to Trustee with power of sale upon default for the benefit of Beneficiary all of Grantor's right, title, and interest in the land in Skamania County, Washington, legally described in attached Exhibit 1 and all buildings, structures, improvements (including asphaltic paving for parking), fixtures, minerals, hydrocarbons, and landscaping now or hereafter located thereon, all roads, rights-of-way, easements, access rights, water rights, appurtenances, tenements, hereditaments, and licenses now or hereafter belonging thereto, all contracts for the purchase or sale of any or all of the foregoing, and all leases, rents, royalties, issues, profits, and proceeds therefrom, specifically including, but not limited to, all insurance and condemnation proceeds and awards (collectively referred to below as the "Real Property");

(b) conveys, transfers, and assigns to Beneficiary all of Grantor's right, title, and interest in existing and future leases, rental agreements, and similar contracts and all maintenance, security, janitorial, and service contracts

After recording, return to:

Miller, Nash, Wiener,
Hager & Carlsen
111 S.W. Fifth Avenue
Portland, Oregon 97204-3699

Attention: Louis G. Henry

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Indirect ☒
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relating to all or any part of the Real Property or to the use or enjoyment thereof, any contracts for the purchase or sale of the Real Property, and all income, royalties, rents, revenue, and profits arising from the Real Property, and all rights and remedies related thereto, specifically including the right to demand, sue for and/or collect rent and other payments due from lessees or tenants, subject only to a limited license reserved to Grantor to collect and properly apply said rents and payments prior to Grantor's default, if any, hereunder (collectively referred to below as the "Leases and Contracts"); and

(c) pledges and grants to Beneficiary pursuant to Article 9 of the Uniform Commercial Code as adopted in Oregon a security interest in and to all of Grantor's present and after-acquired goods, accounts, chattel paper, general intangibles, documents, instruments, inventory (including materials and supplies), equipment, and vehicles, and all fixtures, furniture, and furnishings owned by Grantor and located in or on the Real Property (or any portion thereof), and all proceeds (including insurance proceeds) of any of the foregoing (collectively referred to below as the "Personal Property").

The Real Property, the Leases and Contracts, and the Personal Property sometimes are referred to below collectively as the "Collateral."

2. Interest of Skamania County. Beneficiary has a contract vendee's interest in that portion of the Real Property identified in attached Exhibit 1 as "Parcel II." The record owner and contract vendor of that portion of the Real Property is Skamania County, Washington (the "County"). Beneficiary hereby acknowledges and agrees that Beneficiary's interest in Parcel II is subject and subordinate to the County's vendor's interest in Parcel II of the Real Property, as outlined in a Contract of Sale between the County and Grantor dated June 30, 1994 (the "Land Sale Contract"). Grantor hereby agrees that it shall notify the County promptly of the existence of this trust deed and shall provide the County with a copy of this document. Furthermore, Grantor hereby agrees, represents, and warrants that Grantor strictly and timely shall perform all of its obligations under the Land Sale Contract.

3. Obligations Secured. The Collateral secures Grantor's obligations to:

(a) perform Grantor's covenants and agreements set forth in this trust deed;

(b) pay Beneficiary the entire amount of principal and interest owed pursuant to a promissory note in the face

amount of \$5,000,000 of even date herewith executed by Grantor in favor of Beneficiary, which is payable in full on or before October 1, 1999 (the "Revolving Line of Credit Note") and any and all renewals, modifications, and extensions of the Revolving Line of Credit Note whether or not evidenced by new or additional instruments;

(c) pay Beneficiary the entire amount of principal and interest owed pursuant to a promissory note in the face amount of \$17,500,000 of even date herewith executed by Grantor in favor of Beneficiary, which is payable in full on or before October 1, 2009 (the "Term Note"), and any and all renewals, modifications, and extensions of the Term Note whether or not evidenced by new or additional instruments (the Revolving Line of Credit Note and the Term Note are referred to below collectively as the "Instruments");

(d) pay or perform, as the case may be, all other present or future debts, liabilities, or obligations of any kind or nature, direct or indirect, of Grantor to Beneficiary, including, but not limited to, all advances by Beneficiary in servicing and enforcing the debts, obligations, and liabilities of Grantor and in preserving, handling, protecting, collecting, foreclosing, disposing, and otherwise realizing on any and all security therefor, including the Real Property, including, but not limited to, payments by Beneficiary with respect to fire and other hazard insurance and taxes upon the Real Property, with interest thereon at the Prime Rate (as defined in the Term Note);

(e) pay all amounts owed by Grantor to Beneficiary with respect to attorney fees and costs pursuant to the Instruments;

(f) pay all attorney fees and costs incurred by Trustee or Beneficiary in foreclosing this trust deed or realizing upon any of the Collateral;

(g) pay all attorney fees and costs incurred by Trustee or Beneficiary in defending the priority or validity of this trust deed or the title to the Real Property;

(h) pay all sums advanced by Beneficiary to or on behalf of Grantor for the purpose of clearing encumbrances or defects from the title to the Real Property where Beneficiary, in good faith, believes such encumbrances to be superior to the lien of the trust deed, including, without limitation, payment of ad valorem taxes and mechanics' or materialmen's liens that may have gained priority over the lien of this trust deed; and

(i) pay all attorney fees and costs incurred by Trustee or Beneficiary in any case or proceeding under the Bankruptcy Code affecting Grantor.

4. Assignment of Leases, Rents, and Profits. Grantor acknowledges and agrees that the assignment herein to Beneficiary of the existing and future leases, rents, royalties, income, and profits that arise from the use or occupancy of the Real Property is an absolute and present assignment. However, until such time, if any, that Grantor is in default under this trust deed, Grantor shall have a license to collect and receive such rents, royalties, income, and profits. Upon any default by Grantor, Beneficiary may terminate Grantor's license at any time without prior notice to Grantor and may thereafter collect the lease payments, rents, royalties, income, and profits itself or by an agent or receiver. No action taken by Beneficiary to collect any lease payments, rents, royalties, income, or profits shall make Beneficiary a "mortgagee-in-possession" of the Real Property. Possession by a court-appointed receiver shall not be considered possession by Beneficiary. All lease payments, rents, royalties, income, and profits collected by Beneficiary or a receiver may in Beneficiary's discretion be applied first to pay all expenses of collection, then to the payment of all costs of operation and management of the Real Property, and then to the payment of the indebtedness and obligations secured by this trust deed.

5. Security Agreement. This trust deed, without affecting its validity as a real estate trust deed and mortgage, is also executed and shall be construed as a security agreement under the Oregon Uniform Commercial Code granting Beneficiary a security interest in the Personal Property. In addition to the rights and remedies provided herein, Beneficiary shall have all the rights and remedies granted by such Uniform Commercial Code (and the Washington Uniform Commercial Code to the extent, if any, that it is applicable to the Personal Property, or the parties' interests therein). Grantor covenants and agrees to execute and file financing statements and similar documents reasonably deemed necessary or desirable by Beneficiary to perfect, continue, and renew Grantor's security interest in the Personal Property.

6. Title Insurance. Prior to or contemporaneously with the execution of this trust deed, Grantor shall provide Beneficiary at Grantor's expense with an ALTA mortgagee's extended coverage title insurance policy issued by a company acceptable to Beneficiary, in the amount of at least \$22,500,000 and in a form reasonably satisfactory to Beneficiary. That title policy must reflect that Grantor owns the Real Property (or, in the case of Parcel II of the Real Property, that Grantor is purchasing that property pursuant to the Land Sale Contract) and shall guarantee that Beneficiary has a valid lien against the Real Property that is prior in right to all liens, claims, or

encumbrances, except those matters described in Exhibit 2 to this trust deed.

7. Appraisal Costs and Other Expenses. Prior to or contemporaneously with the closing of the transaction in which this trust deed is granted to Beneficiary, Grantor shall reimburse Beneficiary for costs and expenses, including reasonable attorney fees, incurred by Beneficiary in connection with the negotiation and documentation of this trust deed, the Instruments, and any related documents (not to exceed \$5,000). At that same time, Grantor shall reimburse Beneficiary for costs and expenses incurred by Beneficiary with respect to any appraisal (and Beneficiary's review thereof) of the Collateral and the other real and personal property that secures the Instruments (not to exceed \$35,000). In addition, Grantor hereby agrees that it shall reimburse Beneficiary for costs and expenses incurred by Grantor following the date of this trust deed with respect to any environmental study, future appraisal, or other action or matter pertaining to the Collateral that is required by applicable law, rules, policies, or regulations. Grantor shall pay Beneficiary the amounts for the costs, expenses, and charges described in the preceding sentence of this trust deed within ten days of the date Beneficiary bills grantor for such costs and expenses.

8. Attornment and Nondisturbance Agreements. Grantor shall make reasonable efforts to cause each existing tenant of any portion of the Real Property to execute an attornment and nondisturbance agreement in a form reasonably acceptable to Grantor and Beneficiary and shall deliver such executed agreements to Grantor as soon as is reasonably practicable. Furthermore, Grantor shall cause any future tenant of all or any portion of the Real Property to execute an attornment agreement in a form reasonably satisfactory to Beneficiary and Grantor and shall deliver the executed agreement to Beneficiary before the new tenant occupies any portion of the Real Property.

9. Grantor's Representations and Warranties. Grantor represents and warrants as follows:

(a) Grantor is the owner of the Collateral (other than Parcel II of the Real Property, in which Grantor has a vendee's interest pursuant to the Land Sale Contract) and has the right and authority to convey the Collateral as provided herein;

(b) Grantor shall defend the title to the Collateral against all claims and demands whatsoever;

(c) the Collateral is free and clear of any and all liens, claims, encumbrances, restrictions, encroachments, and interests whatsoever, except those described in Exhibit 2 to

this trust deed (which affect only the Real Property) and the lien and security interest of Beneficiary granted herein;

(d) the Real Property and improvements thereon are in compliance with all applicable zoning, building, use, and other governmental requirements, environmental laws, and access laws;

(e) Grantor has obtained or has been assigned all licenses, permits, agreements, or other documents or items necessary to enable Grantor to lawfully use and operate the Real Property;

(f) any and all obligations Grantor has incurred in connection with the Collateral are current and without default;

(g) Grantor is duly organized and in good standing in the state in which it is incorporated and is qualified to do business in all states in which it is doing business;

(h) there are no actions, proceedings, investigations, or claims pending or threatened against or affecting Grantor or the Collateral that could have a material adverse affect on the Collateral (or any material portion thereof), or Grantor's ability to perform its obligations to Beneficiary hereunder, or under the Instruments;

(i) Grantor's execution, delivery, and performance of this trust deed and the Instruments have been duly authorized and do not violate its articles of incorporation or any law, regulation, rule, or order binding on Grantor and do not violate the provisions of or constitute a default under any indenture, loan agreement, or other agreement or instrument to which Grantor is a party, or by which it may be bound or affected; and

(j) Grantor is not in breach of or in default under any material agreement to which it is a party, or which is binding on it or any of its assets.

The foregoing representations and warranties are continuous and shall remain in force and effect until Grantor has satisfied in full its obligations hereunder and under the Instruments.

10. Promise to Pay and Perform. Grantor shall pay the debts, obligations, and liabilities secured by this trust deed promptly when due and shall strictly and punctually perform all additional obligations, covenants, and agreements that are contained in this trust deed, the Instruments, and any other instrument or agreement between Grantor and Beneficiary.

11. Encumbrances and Compliance with Law. Grantor hereby agrees that it shall:

(a) Pay all taxes, assessments, and other charges of every kind and nature (including utilities) that may be levied or assessed upon or against the Real Property or the Personal Property, or any part thereof, when due and payable according to law;

(b) Promptly pay and satisfy all construction liens and other liens or encumbrances that are or might by operation of law or otherwise become a lien on the Real Property or the Personal Property;

(c) Comply with all existing and future laws, orders, and regulations of all governmental bodies that affect the Real Property or the Personal Property, or the use thereof, including, but not limited to, environmental laws and access laws; and

(d) Comply with all covenants, conditions, and restrictions applicable to the Real Property.

Grantor shall not be deemed to be in default hereunder by reason of its failure to pay any taxes, assessments, liens, or other charges levied, assessed, or imposed upon or against the Real Property or the Personal Property when due and payable so long as Grantor is contesting such taxes, assessments, liens, or charges in good faith by appropriate means.

12. Protection and Maintenance of the Collateral. Grantor hereby agrees that until Grantor has satisfied in full its obligations hereunder and under the Instruments, Grantor shall:

(a) Keep the Personal Property and all improvements on the Real Property in good order and repair and shall not commit or suffer any waste of the Real Property;

(b) Provide at its expense such tenant improvements as are reasonably necessary for or required by existing and future lessees of all or any portion of the Real Property;

(c) Not do or allow any act or omission, including removal or alteration of improvements on the Real Property, that would materially reduce the value of the Real Property, or materially alter the nature of the business operated thereon;

(d) Afford Beneficiary the right to enter upon the Real Property at all reasonable times to inspect the Collateral; and

(e) Not grant any lien or security interest in the Collateral, or any portion thereof, other than those described in Exhibit 2 to this trust deed and those granted hereunder in favor of Beneficiary.

13. Insurance. At all times, Grantor shall provide, maintain, and keep in force, or cause to be provided, maintained, and kept in force, the following policies of insurance issued by insurers reasonably acceptable to Grantor:

(a) Insurance against loss or damage to the Real Property and all improvements thereon by fire and any of the risks covered by insurance of the type commonly known as "broad form of extended coverage," in an amount not less than the greater of (i) the original aggregate face amount of the Instruments, or (ii) one hundred percent of the full replacement cost of the improvements on the Real Property (or such lesser amount as is sufficient to prevent operation of coinsurance provisions). The policy or policies of insurance carried by Grantor in accordance with this subparagraph 12(a) shall contain the "Replacement Cost Endorsement" or comparable endorsement;

(b) Insurance against loss or damage to the Personal Property by fire and other risks covered by insurance of the type commonly known as "broad form of extended coverage" in an amount reasonably acceptable to Beneficiary; and

(c) Such other insurance as may reasonably be required by Beneficiary and is reasonable and customary for property similar to the Real Property (or the Personal Property, if applicable), including, without limitation, liability insurance and business interruption insurance.

All policies of insurance required by the terms of this trust deed shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of Grantor that might otherwise result in forfeiture of said insurance and the further agreement of the insurer waiving all rights of set-off, counterclaim, or deductions against Grantor (Non-Contributory Standard Mortgage Clause and Lender's Loss Payable Endorsement - Form 438 BFU NS - or their equivalent). Furthermore, the above-described insurance policy or policies shall name Grantor and Beneficiary as insured parties as their respective interests may appear and provide that the insurance coverage provided by such policy or policies shall not be canceled or materially amended or altered without at least 15 days' prior written notice having been given to Beneficiary. Grantor shall give prompt notice to Beneficiary of any insured or uninsured casualty with respect to the Collateral, or any portion thereof. Grantor promptly shall provide Beneficiary with evidence that the

insurance hereunder is in effect, if requested to do so by Beneficiary.

14. Proceeds of Insurance or Condemnation. In the event of any condemnation under the power of eminent domain with respect to all or any portion of the Real Property, all proceeds with respect thereto shall be applied to payment of the obligations secured by this trust deed. Provided that Grantor is not in default under this trust deed and subject to the conditions specified herein, Grantor may use proceeds of casualty insurance to promptly repair damage to the Real Property or the Personal Property that results from any insured event, occurrence, or risk (the "Casualty"). Before Grantor may use insurance proceeds as specified in the preceding sentence, Grantor must demonstrate to Beneficiary's reasonable satisfaction (a) that there are sufficient proceeds to complete the proposed repairs; (b) that the insurance proceeds shall be disbursed and used in a fashion reasonably acceptable to Beneficiary, which may include, but not be limited to, establishment of a procedure similar to a construction loan draw procedure; (c) that neither the repairs nor the process by which the repairs are effected shall unreasonably impair or jeopardize the value of the Collateral; (d) that if any insurance proceeds remain after completion of the repairs, those proceeds shall be paid to Beneficiary and applied to Grantor's obligations to Beneficiary secured hereby; and (e) the Real Property and the Personal Property as repaired will be in substantially the same, or better condition than such property was in before the Casualty.

15. Grantor's Obligations as Lessor. Grantor shall not execute any leases or occupancy agreements affecting any portion of the Real Property that would have a material adverse effect on the value of the Collateral, or any material portion thereof. Furthermore, Grantor shall not take any action that would have a material adverse effect on Beneficiary's interest in the rents, royalties, income, and profits of the Real Property. Grantor shall perform all material covenants of the lessor under any leases or occupancy agreements affecting any portion of the Real Property. Upon Beneficiary's request, Grantor shall execute and deliver to Beneficiary an assignment of leases and a financing statement in form reasonably acceptable to Beneficiary evidencing the assignment provided for herein, which documents may be recorded or filed by Beneficiary.

16. Indebtedness Due on Sale or Material Change in Ownership. Grantor agrees and acknowledges that the indebtedness evidenced by the Instruments is personal to Grantor and that Grantor's responsibility for such indebtedness and control of the Real Property is a material inducement to Beneficiary to extend the loans evidenced by the Instruments. Accordingly, Grantor acknowledges and agrees that if Grantor conveys its interest in the whole or any part of the Real Property (whether by deed,

contract, further encumbrance, assignment of the vendee's interest in the Land Sale Contract, or otherwise), transfers its lessor's interest in any existing or future lease with respect to the Real Property or any portion thereof, leases all or any portion of the Real Property (other than a lease without an option to purchase), or undergoes a material change in its ownership structure or composition, then Beneficiary or any other holder of the Instruments may declare the entire unpaid balance owed pursuant to the Instruments to be immediately due and payable. Failure of Beneficiary to accelerate the amount owed pursuant to the Instruments following an occurrence of one of the events described in the preceding sentence shall not be deemed to be consent to any other such event, or a waiver of Beneficiary's right to accelerate the amount owed pursuant to the Instruments following the occurrence of another event of the type described above.

For purposes of this paragraph of this trust deed, a conveyance or transfer of Grantor's interest in the Real Property (or any material portion thereof), or a change in the ownership structure or composition of Grantor shall not be deemed to be a transfer, conveyance, or material change in Grantor's ownership structure or composition that would trigger the operation of the foregoing due-on-sale clause if, following such conveyance, transfer, or change, the Real Property is owned by John D. Gray, or an entity that is wholly owned by Mr. Gray. A conveyance, transfer, or change of the type described in the preceding sentence is referred to below as an "Approved Transaction." Grantor shall provide Beneficiary with all information reasonably requested by Beneficiary to enable Beneficiary to determine whether a proposed or actual transfer or conveyance of Grantor's interest in the Real Property, or change in the ownership structure or composition of Grantor would be (or, in the case of an actual transfer, conveyance, or change, was) an Approved Transaction. Furthermore, Grantor shall reimburse Beneficiary for all costs and expenses reasonably incurred by Beneficiary in connection with its analysis of any proposed or actual conveyance or transfer of Grantor's interest in the Real Property, or change in the ownership structure or composition of Grantor, including, but not limited to, reasonable attorney fees (if any are incurred). If any Approved Transaction results in a new legal entity owning the Collateral, or any portion thereof, such new entity shall be bound by the terms of this trust deed and the Instruments and promptly shall execute and deliver to Beneficiary all documents or instruments reasonably deemed necessary or desirable by Beneficiary to evidence the obligations secured hereby and to create, continue, or perfect Beneficiary's liens and security interests in the Collateral, or any portion thereof. Grantor promptly shall notify Beneficiary in writing of any proposed or actual transfer or conveyance of Grantor's interest in the Real Property, or change in the ownership structure or composition of Grantor.

17. Performance of Grantor's Obligations by Beneficiary. If Grantor allows insurance coverage required by this trust deed to expire (or fails to procure such insurance), fails or refuses to pay taxes, assessments, charges, liens, or encumbrances against or with respect to the Real Property or the Personal Property, fails to perform its obligations under the Land Sale Contract, or fails to comply with governmental requirements or regulations with respect to the Real Property or the Personal Property, Beneficiary may, but shall not be required to, procure, pay, or perform the same. The amount of such payment or cost of such procurement or performance, together with interest thereon at the Prime Rate (as defined in the Term Note), shall be immediately due and payable by Grantor to Beneficiary and shall be secured by the lien of this trust deed. Performance by Beneficiary shall not be deemed a waiver of any rights Beneficiary may have on account of Grantor's failure to timely perform the obligation in question and shall not obligate Beneficiary to perform any obligation of Grantor thereafter.

18. Debt Service Covenant. At the time of closing of the transaction in which Grantor executes and delivers this trust deed to Beneficiary, Grantor shall have a debt servicing coverage of at least 1.5 to 1, based upon the stabilized, appraised net income of the Real Property and the other real property that secures Grantor's obligations to Beneficiary, and a 9.5 percent, 25-year underwriting rate. Thereafter, Grantor shall maintain a debt servicing coverage of at least 1.35 to 1 (computed in accordance with the worksheet attached to this trust deed as Exhibit 3) until it has satisfied in full its obligations to Beneficiary hereunder and under the Instruments. This covenant shall be measured as of the end of each of Grantor's fiscal years after the date of this trust deed based on Grantor's audited, fiscal year-end financial statement. At the time Grantor provides Beneficiary with a copy of Grantor's audited annual financial statement, Grantor also shall provide Beneficiary with a document in a form reasonably satisfactory to Beneficiary signed by an authorized representative of Grantor setting forth Grantor's debt servicing coverage at the end of the year in question and certifying the accuracy of the information therein.

19. Financial Information. Grantor shall furnish to Beneficiary within 120 days after the end of each fiscal year an audited annual financial statement of Grantor as of the end of the preceding year, the debt service coverage certificate described in paragraph 18 above, and an operating statement with respect to the business conducted on the Real Property for such year. Such operating statements shall be in reasonable detail and in form reasonably satisfactory to Beneficiary. Furthermore, Grantor shall furnish to Beneficiary, within 45 days after the end of each calendar quarter, internally prepared financial statements for the immediately preceding calendar quarter. In addition, Grantor shall provide Beneficiary with all other

information reasonably requested by Beneficiary. If Grantor fails to furnish any of the financial statements, information, or reports described above within 10 days after written notice from beneficiary of Grantor's failure to do so, Beneficiary may cause an audit or examination to be made, at Grantor's sole cost and expense, of the applicable books and records to obtain the information in question.

20. Hazardous Waste. Grantor represents and warrants to Beneficiary that to the best of Grantor's knowledge after due and diligent inquiry no hazardous or toxic waste or substances are or have been located, stored, or used on the Real Property, or any adjacent property, except as disclosed in a Phase I environmental site assessment report dated October 21, 1994, prepared by Quality Group, NW (the "Phase I Report"), which has been provided to Beneficiary. Grantor agrees that at all times Grantor and the Real Property shall comply in all material respects with all applicable local, state, and federal environmental laws and laws relating to the existence, clean-up, generation, use, storage, handling, transportation, or disposal of hazardous or toxic waste or substances (collectively the "Environmental Laws"). Notwithstanding the foregoing, Grantor shall not be in default hereunder if Grantor or the Real Property is not in compliance with the Environmental Laws provided that Grantor promptly takes such remedial action or other steps as are reasonably necessary to cause Grantor and the Real Property to be in compliance with the Environmental Laws (or to avoid any uncertainty regarding such compliance), including, but not limited to, following the recommendations specified in the Phase I Report. Grantor agrees to provide written notice to Beneficiary immediately if Grantor becomes aware that the Real Property or any adjacent property is being or has been contaminated with hazardous or toxic waste or substances. Grantor shall not cause or permit any activities on the Real Property that directly or indirectly could result in the Real Property or any other property becoming contaminated with hazardous or toxic waste or substances. Grantor acknowledges that it shall be solely responsible for all costs and expenses relating to compliance with the Environmental Laws, including, but not limited to, costs associated with the clean-up of hazardous or toxic waste or substances from the Real Property or from any other properties that become contaminated with hazardous or toxic waste or substances as a result of the contamination of or activities on the Real Property. For purposes of this trust deed, the term "hazardous or toxic waste or substances" means any substance or material defined or designated as hazardous or toxic by any applicable federal, state, or local statute, regulation, or ordinance now or hereafter in effect. Notwithstanding the foregoing, Beneficiary acknowledges and agrees that neither the storage by Grantor or a lessee of all or any portion of the Real Property of cleaning solvents or other materials reasonably used in connection with Grantor's or such lessee's business, nor the

lawful use of such solvents or materials, shall violate the foregoing provisions of this paragraph 20, provided that such storage or use does not result in contamination of the Real Property (or any material portion thereof), or any adjacent property.

21. Access Laws. Grantor agrees that at all times the Real Property shall comply in all material respects with the applicable requirements of the Americans with Disabilities Act of 1990 (including, without limitation, the Americans with Disabilities Act accessibility guidelines for buildings and facilities); the Fair Housing Amendments Act of 1988; all other federal and state and local laws and ordinances related to disabled access; and all rules, regulations, and orders issued pursuant thereto; all as amended from time to time (collectively the "Access Laws"). Grantor shall not alter or permit any tenant or other person to alter the Real Property or any portion thereof, in any manner that would increase Grantor's responsibilities for compliance with the Access Laws without the prior written approval of Beneficiary, which shall not be withheld without reasonable cause. In connection with any such approval, Beneficiary may require a certificate of compliance with the Access Laws from an architect, engineer, or other person reasonably acceptable to Beneficiary. Grantor agrees to give prompt notice to Beneficiary of any claims of violations of any Access Laws and of the commencement of any proceedings or investigations that relate to compliance with any of the Access Laws.

22. Default. Time is of the essence with respect to Grantor's performance of its obligations under the Instruments and this trust deed. Occurrence of one or more of the following events shall constitute an event of default under this trust deed:

(a) Grantor fails to make any of the payments provided for in the Instruments promptly when due;

(b) Grantor fails to perform any covenant or agreement contained in this trust deed, or in any other agreement between Grantor and Beneficiary, within ten days after receipt of written notice of failure to perform the same (notwithstanding the foregoing, if Grantor fails to maintain the 1.35 to 1 debt servicing coverage required by paragraph 18 of this trust deed, Grantor shall have one year from the date at which it was not in compliance with that covenant to cure its default and during that year Beneficiary will not charge Grantor the default rate of interest specified in the Instruments, or resort to its remedies hereunder or under the Instruments as a result of Grantor's failure to comply with the debt servicing covenant, provided that Grantor is in compliance with all of its other

obligations under this trust deed, the Instruments, and any other agreements with Beneficiary);

(c) Any of the events specified in the second sentence of paragraph 16 of this trust deed;

(d) Grantor encumbers the Real Property, or any interest therein, voluntarily, involuntarily, or by operation of law (other than current taxes or assessments), without the prior written consent of Beneficiary;

(e) Grantor defaults on any obligation secured by a lien or other encumbrance that has or may have priority over this trust deed, or the holder of such a lien or encumbrance commences an action to foreclose any such lien or encumbrance, or takes any other action to terminate or forfeit Grantor's interest in the Real Property, or any material portion thereof;

(f) Grantor becomes insolvent or unable to pay its debts as they mature, makes an assignment for the benefit of creditors, or petitions for or becomes the subject of any federal or state law receivership, insolvency, liquidation, or reorganization case or proceeding; or

(g) the Collateral (or any material portion thereof) is destroyed or substantially damaged, or the security value thereof is materially reduced, unless Grantor is causing the same to be repaired in accordance with the provisions of paragraph 14 of this trust deed.

23. Remedies. In the event of a default hereunder, Beneficiary shall have the option to declare all debts and liabilities of Grantor to Beneficiary immediately due and payable without notice to Grantor. In addition, Beneficiary shall have and be entitled to exercise all other rights and remedies available under applicable law, including, but not limited to, the right to foreclose this trust deed either by advertisement and sale in the manner provided for in the Revised Code of Washington, or by civil action as a mortgage. During the pendency of any foreclosure (whether by advertisement and sale or by civil action), Beneficiary, either directly or through a receiver appointed by the presiding judge of the superior court for the county in which the Real Property is located, may take possession of the Real Property upon Grantor's default hereunder (whether or not the value of the Real Property exceeds the debts and liabilities of Grantor to Beneficiary), collect the lease payments, rents, and profits therefrom and apply the same to the payment of amounts due to Beneficiary. Any receiver appointed at the instance of Grantor with respect to the Real Property may serve without bond. Grantor hereby consents irrevocably to the appointment of a receiver or receivers with respect to the Real

Property following an event of default under this trust deed without regard to the value of the Real Property at the time in question or the interest of Grantor therein, and waives notice of any application therefor.

24. Consent to Modifications. If Beneficiary consents to the transfer of the Real Property or any part thereof or interest therein, and such a transfer is made, Beneficiary may, without notice to Grantor or anyone else, once or often, extend the time of payment or grant renewals of the debt hereby secured for any term, execute releases or partial releases from the lien of this trust deed, or in any other respect modify the terms hereof without thereby affecting the primary liability of Grantor for the payment of the debts and performance of the obligations hereby secured.

25. Governing Law. This trust deed shall be governed by the laws of the state of Oregon. If any provision or clause of this trust deed conflicts with applicable laws, such conflicts shall not affect other provisions of this trust deed that can be given effect without the conflicting provision, and to this end the provisions of this trust deed are severable.

26. Modification/Waiver. The provisions of this trust deed cannot be waived, modified, discharged, or terminated orally. In order to be effective, any waiver, modification, discharge, or termination of any provision hereof must be in writing and signed by an authorized representative of Grantor and an authorized representative of Beneficiary. The failure of Beneficiary at any time to require strict performance by Grantor of any covenant, agreement, or condition hereof shall not estop or otherwise affect Beneficiary's right to enforce the same, nor shall any acceptance of partial payment, or any waiver or forbearance by Beneficiary be held to be a waiver of Grantor's default or the covenant, agreement, or condition itself, or any future failure to perform the same.

27. Foreclosure Costs. If a civil action is instituted with respect to this trust deed, the prevailing party in such action shall be entitled to recover from the other party hereto all costs and disbursements awarded therein (or in any appeal) and such sum as the trial judge or appeal court may adjudge reasonable as attorney fees in such action. All sums of the type described in the preceding sentence awarded in favor of Beneficiary shall be secured by the lien of this trust deed.

28. Notice. Whenever any notice, demand, or request is required by the terms hereof or by any law now in existence or hereafter enacted, the notice, demand, or request shall be sufficient if actually furnished to Grantor, or mailed to Grantor by certified mail, return receipt requested, in a postage prepaid

envelope addressed to the last address of Grantor shown in Beneficiary's records.

29. Reconveyance by Trustee. Upon written request of Beneficiary stating that all sums secured hereby have been paid, surrender of this trust deed and the Instruments to Trustee for cancellation and retention, and payment by Grantor of Trustee's fees, Trustee shall reconvey to Grantor, or the person or persons legally entitled thereto, without warranty, any portion of or interest in the Real Property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as "the person or persons legally entitled thereto."

30. Binding Effect. This trust deed, and the warranties, covenants, and agreements made herein, shall bind Grantor and Grantor's successors and assigns and inure to the benefit of Trustee, successor trustees, Beneficiary, and Beneficiary's successors and assigns. Notwithstanding the foregoing, Grantor may not sell, transfer, or assign any of its rights or obligations under this trust deed without Beneficiary's prior, written consent. Beneficiary shall be entitled to transfer its rights and obligations under this trust deed at any time, without Grantor's consent.

IN WITNESS WHEREOF Grantor has executed this trust deed as of the date first above written.

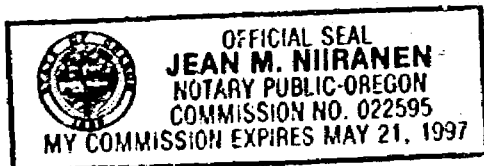
SALISHAN LODGE, INC.

By: Henry A. Hickox
Henry A. Hickox
President

STATE OF OREGON)
) SS
COUNTY OF MULTNOMAH)

The foregoing instrument was acknowledged before me this 31st day of October, 1994, by Henry A. Hickox, President of Salishan Lodge, Inc.

Jean M. Niiranen
Notary Public for Oregon
My commission expires:



Parcel I

A tract of land located in the D. Baughman Donation Land Claim, and the F. Iman Donation Land Claim situated in Section 2, Township 2 North, Range 7 East of the Willamette Meridian, Skamania County, Washington, and being a portion of two tracts of land conveyed to Skamania County by deed records in Book 27, Page 39, and Book 110, Page 121, of the Skamania County Deed Records, described as follows:

BEGINNING at 1/2" iron rod as depicted on that certain Records of Survey recorded in Volume 3, Page 53 and 54, Survey Records, Skamania County, Washington marking the Northeast corner of Columbia Gorge Park, recorded in Book B, Page 55, Plat Records, Skamania County, Washington, said corner also being located in the line common to the D. Baughman and the F. Iman Donation Land Claims, being South 00° 50' 59" West 1935.30 feet from a brass cap marking the Northwest corner of said D. Baughman D. L. C.; thence North 57° 31' 40" West, along the North line of Columbia Gorge Park, 818.09 feet; thence North 12° 03' 10" East 214.56 feet; thence North 40° 42' 58" East 276.93 feet; thence North 66° 22' 55" East 148.14 feet; thence South 78° 55' 22" East 121.89 feet; thence North 48° 11' 16" East 259.96 feet; thence South 39° 51' 28" East 263.16 feet; thence South 27° 29' 26" West 144.39 feet; thence South 62° 33' 34" East 94.34 feet; thence South 27° 26' 26" West 93.57 feet; thence South 62° 33' 34" East 20.86 feet; thence South 27° 26' 26" West 37.03 feet; thence South 00° 02' 58" West 93.69 feet; thence South 72° 28' 58" West 32.45 feet; thence South 17° 31' 02" East 168.85 feet; thence North 72° 28' 58" East 10.64 feet; thence South 17° 31' 02" East 71.64 feet; thence North 72° 28' 58" East 27.30 feet; thence South 17° 31' 02" East 84.14 feet; thence South 72° 28' 58" West 47.82 feet; thence South 17° 31' 02" East 46.24 feet; thence South 31° 57' 00" East 35.43 feet; thence South 70° 07' 20" West 232.20 feet to the True Point of Beginning.

Parcel II

Being a tract of land out of portions of Government lots 2 and 3, the Iman D.L.C., all in Section 2, Township 2 North, Range 7 East of the Willamette Meridian and being more particularly described as follows:

continued

Beginning at a 1/2 inch iron rod on the West Line of the Baughman D.L.C., said rod being South 00° 50' 59" West, 1935.30 feet from a brass cap marking the Northwest corner of the Baughman D.L.C.; thence leaving said west line North 57° 31' 40" West, 1839.91 feet to a 1/2 inch iron pipe; thence South 59° 00' 19" West, 396.02 feet to a 5/8 inch iron rod; thence North 78° 38' 44" West, 97.60 feet to a 5/8 inch iron rod; thence North 35° 28' 44" West, 122.60 feet to a 5/8 inch iron rod; thence North 59° 43' 41" West 216.00 feet to a 5/8 inch iron rod; thence North 65° 46' 40" West 919.35 feet to a 5/8 inch iron rod on the Southeasterly line of BPA right-of-way; thence along said right-of-way North 40° 21' 00" East, 2004.39 feet to 5/8 inch iron rod; thence leaving said right-of-way South 21° 52' 06" East, 221.63 feet to a 3/4 inch iron pipe; thence South 89° 53' 16" East, 104.76 feet to a 3/4 inch iron pipe; thence North 45° 07' 04" East, 121.54 feet to a 5/8 inch iron rod; thence North 01° 32' 31" East, 0.58 feet to a point; thence South 22° 51' 56" East, 133.67 feet to a 5/8 inch iron rod; thence South 34° 22' 53" East, 377.84 feet to a 5/8 inch iron rod; thence South 65° 26' 35" East, 236.37 feet to a 5/8 inch iron rod; thence South 13° 10' 46" West, 117.78 feet to a 5/8 inch iron rod; thence South 71° 56' 35" East 207.62 feet to a 5/8 inch iron rod; thence North 13° 10' 46" East, 194.93 feet to a 5/8 inch iron rod; thence South 72° 56' 35" East, 72.19 feet to a 5/8 inch iron rod; thence South 53° 51' 59" East, 476.72 feet to a 5/8 inch iron rod; thence South 75° 24' 01" East, 132.00 feet to a 5/8 inch iron rod; thence South 89° 09' 01" East, 74.00 feet to a 5/8 inch iron rod; thence South 00° 50' 59" West, 132.00 feet to a 5/8 inch iron rod; thence South 89° 09' 01" East, 180.29 feet to a 5/8 inch iron rod on the Southwesterly right-of-way of Foster Creek Road (40.00' right-of-way); thence along said right-of-way 260.65 feet along the arc of a 224.60 foot radius curve to the left, having a central angle of 66° 29' 28", the chord of which bears South 44° 35' 53" East, a distance of 246.26 feet to a 5/8 inch rod; thence South 77° 50' 37" East 114.61 feet to a 5/8 inch iron rod; thence 159.01 feet along the arc of a 420.80 foot radius curve to the right, having a central angle of 21° 39' 00", the chord of which bears South 67° 01' 07" East, a distance of 158.06 feet to a 5/8 inch iron rod; thence South 56° 11' 37" East, 273.36 feet to a 5/8 inch iron rod; thence leaving said right-of-way South 46° 53' 56" West, 373.47 feet to a Skamania County, brass cap; thence South 62° 28' 04" East, 785.01 feet to a 5/8 inch iron rod on said right-of-way of Foster Creek Road; thence along said right-of-way 73.68 feet along the arc of a 402.00 foot radius curve to the left, having a central angle of 10° 30' 04", the chord of which bears South 31° 18' 02" East, a distance of 73.57 feet to a 5/8 inch iron rod; thence South 36° 33' 04" East, 17.29 feet to a 5/8 inch iron rod; thence 134.33 feet along the arc of a 402.00 foot radius curve to the left, having a central angle of 19° 08' 46", the chord of which bears South 46° 07' 27" East, a distance of 133.71 feet to a 5/8 inch iron rod, said rod marking the intersection of said Foster Creek Road right-of-way and the westerly right-of-way of Second Street Extension

continued

(variable width right-of-way); thence leaving said Foster Creek Road right-of-way and along said Second Street Extension right-of-way South $08^{\circ} 32' 58''$ West, 370.52 feet to a point that bears South $17^{\circ} 15' 33''$ West 0.56 feet from a concrete right-of-way monument; thence 413.67 along the arc of a 1587.10 foot radius curve to the right, having a central angle of $14^{\circ} 56' 02''$, the chord of which bears South $16^{\circ} 00' 59''$ West, a distance of 412.50 feet to a $5/8$ inch iron rod; thence North $66^{\circ} 31' 00''$ West 20.00 feet to a $5/8$ inch iron rod; thence 191.45 feet along the arc of a 1567.10 foot radius curve to the right, having a central angle of $06^{\circ} 59' 59''$, a chord of which bears South $26^{\circ} 58' 59''$ West, a distance of 191.33 feet to a $5/8$ inch iron rod; thence South $59^{\circ} 31' 02''$ East, 20.00 feet to a $5/8$ inch iron rod; thence 62.63 feet along the arc of a 1587.10 foot radius curve to the right, having a central angle of $02^{\circ} 15' 40''$, the chord of which bears South $31^{\circ} 36' 48''$ West, a distance of 62.63 feet to a $5/8$ inch iron rod; thence North $56^{\circ} 03' 57''$ West, 8.39 feet to a point that bears North $50^{\circ} 38' 42''$ West, 0.70 feet from a concrete right-of-way monument; thence South $33^{\circ} 56' 03''$ West, 208.73 feet to a point that bears South $65^{\circ} 29' 49''$ East, 0.58 feet from a concrete right-of-way monument; thence North $56^{\circ} 03' 57''$ West, 60.00 feet to a point that bears North $35^{\circ} 49' 26''$ West, 0.57 feet from a concrete right-of-way monument; thence South $33^{\circ} 56' 03''$ West, 133.77 feet to a point that bears South $78^{\circ} 22' 11''$ West, 1.00 feet from a concrete right-of-way monument; thence South $56^{\circ} 03' 57''$ East, 5.47 feet to a $5/8$ inch iron rod said rod also marking the intersection of said Second Street Extension right-of-way and the westerly right-of-way of Malicot Road (60.00' right-of-way); thence along said Malicot right-of-way South $56^{\circ} 27' 19''$ West, 46.44 feet to a $5/8$ inch iron rod; thence 201.61 feet along the arc of a 256.70 foot radius curve to the right, having a central angle of $45^{\circ} 00' 00''$, the chord of which bears South $78^{\circ} 57' 19''$ West, 196.47 feet to a $5/8$ inch iron rod; thence North $78^{\circ} 32' 41''$ West, 13.00 feet to a $5/8$ inch iron rod; thence 186.92 feet along the arc of a 125.70 foot radius curve to the left, having a central angle of $85^{\circ} 12' 00''$, the chord of which bears South $58^{\circ} 51' 19''$ West, a distance of 170.17 feet to a $5/8$ inch iron rod marking the point of compound curvature; thence 172.50 feet along the arc of a 173.40 foot radius curve to the left, having a central angle of $57^{\circ} 00' 00''$, the chord of which bears South $12^{\circ} 14' 41''$ East, a distance of 165.48 feet to a $5/8$ inch iron rod marking the point of reverse curvature; thence 79.96 feet along the arc of a 65.70 foot radius curve to the right, having a central angle of $69^{\circ} 44' 00''$, the chord of which bears South $05^{\circ} 52' 41''$ East, a distance of 75.12 feet to a $5/8$ inch iron rod; thence South $28^{\circ} 59' 19''$ West, 98.60 feet to a $5/8$ inch iron rod; thence 65.70 feet along the arc of a 65.70 foot radius curve to the right, having a central angle of $57^{\circ} 18' 00''$, the chord of which bears South $57^{\circ} 38' 19''$ West, a distance of 63.00 feet to a $5/8$ inch iron rod marking a point of reverse curvature; thence 254.56 feet along the arc of a 507.60 foot radius curve to the left, having a central angle of $28^{\circ} 44' 00''$, the chord of which bears South $71^{\circ} 55' 19''$ West, a distance of 251.90 feet to a $5/8$ inch iron rod marking a point of reverse curvature; thence

continued

44.84 feet along the arc of a 160.80 foot radius curve to the right, having a central angle of $15^{\circ} 58' 38''$, the chord of which bears South $65^{\circ} 32' 38''$ West, a distance of 44.69 feet to a 1/2 inch iron rod; thence leaving said Malicot Road right-of-way North $00^{\circ} 50' 59''$ East, 1237.41 feet to the point of beginning; excepting therefrom the following described parcel of land acquired by Salishan Lodge, Inc. pursuant to the terms of the option set forth in the Ground Lease dated July 18, 1991:

LEGAL DESCRIPTION
"LODGE SITE"

A tract of land located in the D. Baughman Donation Land Claim, and the F. Iman Donation Land Claim situated in Section 2, Township 2 North, Range 7 East of the Willamette Meridian, Skamania County, Washington and being a portion of two tracts of land conveyed to Skamania County by deeds recorded in Book 27, Page 39 and Book 110, Page 121 of the Skamania County Deed Records, described as follows:

BEGINNING at 1/2 inch iron rod as depicted on that certain Record of Survey recorded in Volume 3, Page 53 and 54, Survey Records, Skamania County, Washington, marking the Northeast corner of Columbia Gorge Park, recorded in Book B, Page 55, Plats Records, Skamania County, Washington, said corner also being located in the line common to the D. Baughman and the F. Iman Donation Land Claims, being South $00^{\circ} 50' 59''$ West, 1935.30 feet from a brass cap marking the Northwest corner of said D. Baughman D.L.C.; thence North $57^{\circ} 31' 40''$ West, along the north line Columbia Gorge Park, 818.09 feet; thence North $12^{\circ} 03' 10''$ East, 214.56 feet; thence North $40^{\circ} 42' 58''$ East, 276.93 feet; thence North $66^{\circ} 22' 55''$ East, 148.14 feet; thence South $78^{\circ} 55' 22''$ East, 121.89 feet; thence North $48^{\circ} 11' 16''$ East, 259.96 feet; thence South $39^{\circ} 51' 28''$ East, 263.16 feet; thence South $27^{\circ} 29' 26''$ West, 144.39 feet; thence South $62^{\circ} 33' 34''$ East, 94.34 feet; thence South $27^{\circ} 26' 26''$ West, 175.84 feet; thence South $04^{\circ} 42' 01''$ West, 37.03 feet; thence South $17^{\circ} 31' 02''$ East, 206.61 feet; thence North $72^{\circ} 28' 58''$ East, 10.64 feet; thence South $17^{\circ} 31' 02''$ East, 44.89 feet; thence South $72^{\circ} 28' 58''$ West, 13.22 feet; thence South $17^{\circ} 31' 02''$ East, 100.63 feet; thence South $31^{\circ} 57' 00''$ East, 35.43 feet; thence South $70^{\circ} 07' 20''$ West, 232.20 feet to the POINT OF BEGINNING, and there ending, all in Skamania County, Washington.

and further excepting therefrom the following additional parcel of land defined as the Meadow, more specifically described as follows:

LEGAL DESCRIPTION
"THE MEADOW"

A tract of land located in the D. Baughman Donation Land Claim, and the F. Iman Donation Land Claim situated in Section 2, Township 2 North, Range 7 East of the Willamette Meridian, Skamania County, Washington
continued

and being a portion of a tract of land conveyed to Skamania County by deed recorded in Book 27, Page 39 of the Skamania County Deed Records, and being more particularly described as follows:

Commencing from a 1/2 inch iron rod as depicted on that certain Record of Survey recorded in Volume 3, Pages 53 and 54, Survey Records, Skamania County, Washington, marking the Northeast corner of Columbia Gorge Park, recorded in Book 8, Page 55, Plats Records, Skamania County, Washington, said corner also being located in the line common to the D. Baughman and the F. Iman Donation Land Claims, being South 00° 50' 59" West, 1935.30 feet from a brass cap marking the Northwest corner of said D. Baughman D.L.C.; thence North 70° 07' 20" East, 232.20 feet to a point; thence North 31° 57' 00" West, 34.60 feet to the True Point of Beginning; thence North 31° 57' 00" West, 0.83 feet to a point; thence North 17° 31' 02" West, 46.24 feet to a point; thence North 72° 28' 58" East, 47.82 feet to a point; thence North 17° 31' 02" West, 84.14 feet to a point; thence South 72° 58' 28" West, 27.30 feet to a point; thence North 17° 31' 02" West, 71.64 feet to a point; thence South 72° 58' 28" West, 10.64 feet to a point; thence North 17° 31' 02" West, 168.85 feet to a point; thence North 72° 28' 58" East, 32.45 feet to a point; thence North 00° 02' 58" East, 93.69 feet to a point; thence North 27° 26' 26" East, 37.03 feet to a point; thence North 62° 33' 34" West, 20.86 feet to a point; thence North 27° 26' 26" East, 93.57 feet to a point; thence North 73° 39' 53" East, 126.26 feet to a point; thence South 26° 12' 57" East, 135.00 feet to a point; thence South 40° 31' 12" East, 296.43 feet to a point; thence South 18° 00' 59" East, 198.30 feet to the beginning of a 238.00 foot radius non-tangent curve to the right; thence along said non-tangent curve to the right 143.26 feet through a central angle of 34° 29' 13" (chord bears South 76° 34' 39" West, 141.10 feet); thence North 86° 10' 44" West, 90.69 feet to the beginning of a 215.65 foot radius curve to the left; thence along said curve to the left 144.82 feet through a central angle of 38° 28' 36" (chord bears South 74° 34' 58" West, 142.12 feet) to a point of reverse curvature; thence along a 238.00 foot radius curve to the right 45.91 feet through a central angle of 11° 03' 04" (chord bears South 60° 52' 12" West, 45.83 feet) to the True Point of Beginning.

The basis of bearings for this legal description is per Volume 3, Pages 53 and 54, Skamania County Survey Records.

GENERAL EXCEPTIONS:

1. Taxes or assessments which are not shown as existing liens by the records of any taxes authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interest, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public record.
7. Defects, liens, encumbrances, adverse claims or other matters, if any created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires of record for value the estate or interest or mortgage thereon covered by this commitment.
8. Indian tribal codes or regulations, Indian treaty or aboriginal rights, including, but not limited to, easements or equitable servitude.

SPECIAL EXCEPTIONS:

1. Taxes for the Year 1994: \$132,997.31, balance of \$81,877.37
(Parcel No. 02-07-02-0-0-0611-00)
Taxes for the Year 1994: EXEMPT
(Parcel No. 02-07-02-0-0-3500-00)
2. Easement for Access Road, including the terms and provisions thereof, recorded November 12, 1941, in Book 28, Page 492, Skamania County Deed Records.
3. Easement for Right-of-Way over Tax lot 3500 and 3600, as shown on survey recorded in Book B of Surveys, Page 54.
4. Road Relocation Agreement between Skamania County and Ivan W. Howell, including the terms and provisions thereof, recorded May 26, 1992, in Book 128, Page 789, Skamania County Deed Records.
5. Road Relocation Agreement between Skamania County and Gloria Degroote, including the terms and provisions thereof, recorded May 26, 1992, in Book 128, Page 806, Skamania County Deed Records.
6. Road Relocation Agreement between Skamania County and Robert M. Talent Et. Ux., including the terms and provisions thereof, recorded May 26, 1992, in Book 128, Page 816, Skamania County Deed Records.

continued

Exhibit 2
Page 1

7. Settlement Agreement, including the terms and provisions thereof, recorded May 26, 1992, in Book 128, Page 783, Skamania County Deed Records.
8. Condition as contained in that certain deed between Skamania County and Salishan Lodge, Inc., recorded May 26, 1992, in Book 128, Page 834, which provides as follows: "grantor shall have the right to re-enter and terminate grantee's estate if there shall occur for any reason a termination of the Ground Lease dated July 18, 1991, between grantor and grantee, pursuant to which grantor has demised to grantee certain premises which include the real property hereby conveyed. If the option to purchase under Section 18.1 of the Ground Lease is exercised and closed, then the Grantor's right to enter and terminate under this Warranty Deed may be exercised if Vendee's interest in the Contract of Sale executed under Section 18.1 of the Ground Lease is foreclosed by the Grantor or is received by Grantor in lieu of foreclosure of the Contract of Sale, but Grantor's right to re-enter and terminate under this Warranty Deed shall expire upon conveyance of a deed in fulfillment of the Contract of Sale."
9. Easement for Ingress and Egress, including the terms and provisions thereof, recorded May 26, 1992, in Book 128, Page 836, Skamania County Deed Records.
10. Terms and Conditions by instrument recorded May 26, 1992, in Book 128, page 827, Skamania County Deed Records.
11. Memo of Contract between Skamania County, as vendor, and Salishan Lodge, Inc., as vendee, including the terms and provisions thereof, recorded June 30, 1994, in Book 144, Page 190. (Affects Parcel II)

SAUSHAN LODGE, INC.
US BANK LOAN PROPOSAL
DEBT SERVICE COVENANT ANALYSIS
PREPARED AUGUST 24, 1994
FILE: USR05C

ACCOUNTS:	YEAR ENDED 1992	YEAR ENDED 1993	YEAR ENDING 1994	YEAR ENDING 1995	YEAR ENDING 1996	YEAR ENDING 1997	YEAR ENDING 1998	YEAR ENDING 1999	YEAR ENDING 2000	YEAR ENDING 2001	YEAR ENDING 2002	AVERAGE
SAUSHAN PROPERTIES, INC. EARNINGS	\$220,453	\$218,428	\$219,441	\$219,441	\$219,441	\$219,441	\$219,441	\$219,441	\$219,441	\$219,441	\$219,441	\$219,441
SAUSHAN LODGE, INC. EARNINGS BEFORE FIXED EXPENSES	2,977,345	3,061,303	4,667,565	4,708,827	4,990,990	5,199,769	5,338,534	5,413,910	5,527,584	5,732,651	5,979,944	4,872,586
LESS: CERTAIN FIXED EXPENSES												
INSURANCE	(220,518)	(139,627)	(144,700)	(152,519)	(154,590)	(155,070)	(156,322)	(155,367)	(154,078)	(151,754)	(147,660)	(157,564)
LEGAL	0	(6,595)	(28,000)	(28,168)	(28,262)	(28,782)	(29,895)	(29,893)	(29,841)	(30,422)	(29,976)	(24,512)
PROPERTY TAXES	(160,000)	(429,924)	(430,500)	(433,523)	(434,977)	(440,467)	(444,068)	(442,917)	(443,306)	(441,915)	(437,507)	(412,646)
RENT	0	(59,977)	(58,331)	0	0	0	0	0	0	0	0	(59,154)
BALANCE	2,817,280	2,643,608	4,225,475	4,314,058	4,592,602	4,793,911	4,927,690	5,005,174	5,119,598	5,328,001	5,584,242	4,436,150
LESS: BANK CAPITAL EST **	(389,432)	(643,744)	(237,488)	(478,207)	(726,288)	(737,378)	(748,374)	(759,803)	(771,407)	(783,190)	(795,153)	(642,769)
TOTAL	\$2,427,848	\$1,999,864	\$3,987,987	\$3,835,851	\$3,866,314	\$4,056,533	\$4,179,316	\$4,245,371	\$4,348,191	\$4,544,811	\$4,789,089	\$3,795,381
DEBT PAYMENTS PER YEAR	\$2,096,872	\$2,096,872	\$2,096,872	\$2,096,872	\$2,096,872	\$2,096,872	\$2,096,872	\$2,096,872	\$2,096,872	\$2,096,872	\$2,096,872	\$2,096,872
DEBT SERVICE RATIO -1. ***	116%	95%	190%	183%	184%	193%	199%	202%	207%	217%	228%	181%
VARIANCE	(402,929)	(830,913)	842,679	1,005,074	1,035,537	1,225,756	1,348,539	1,414,594	1,517,814	1,714,034	1,958,312	964,604

** BASED ON 3% OF GROSS (EXCEPT IN 1994 & 1995 WHICH IS 1% & 2% FOR THOSE YEARS RESPECTFULLY).

*** 1.35% IN ALL YEARS EXCEPT 1994 WHEN THE RATIO WILL BE 1.50%.