

126079  
SCR 20312

TRUST DEED  
(Skamania Property-First)

BOOK 159 PAGE 142

August 22, 1996

YCP Skamania L.P. ("Grantor"), whose address is 950 East Paces Ferry Road, Suite 3210, Atlanta, Georgia 30326

YCP Skamania Operator, Inc. ("Operator"), whose address is 950 East Paces Ferry Road, Suite 3210, Atlanta, Georgia 30326

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 111 S.W. Fifth Avenue, Suite 400, 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

After recording, return to:  
Miller, Nash, Wiener,  
Hager & Carlsen  
111 S.W. Fifth Avenue  
Portland, Oregon 97204-3699

Attention: Louis G. Henry

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

AUG 22 11 32 AM '96  
J. Bartels  
AUDITOR  
GARY H. OLSON

Registered	✓
Indexed, Dir	✓
Indirect	✓
Filed	✓
Shaded	✓

future leases (including the lease between Grantor and Operator), rental agreements, and similar contracts, management agreements (including the management agreement between Grantor and Dolce International/Skamania, Inc. ("Dolce")) and all maintenance, security, janitorial, and service contracts 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 (including its vendee's interest in the Land Sale Contract (as that term is defined in paragraph 5 below)), 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 a security interest in and to all of Grantor's interest in all goods, accounts, chattel paper, general intangibles, documents, instruments, inventory (including materials and supplies), equipment, and vehicles, and all fixtures, furniture, and furnishings now or hereafter arising out of the use or operation of, related to, or located in or on the Real Property (or any portion thereof), and all proceeds (including insurance proceeds) of any of the foregoing (which assets are 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."

In addition to the liens and security interests granted above by Grantor, as an accommodation to Grantor (the landlord under the Master Lease between Grantor and Operator (the "Operating Lease")) and in consideration of and as a condition for entering into the Operating Lease, Operator hereby grants Beneficiary a security interest in the Personal Property. In no event shall Operator be liable for any payments under the Note, or for any obligations thereunder, or be deemed to be a borrower under the Note or any of the documents related to the loan evidenced by the Note (collectively, the "Loan Documents").

2. Obligations Secured. The liens and security interests granted by Grantor and Operator in the Collateral secure 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 \$14,200,000 of even date herewith executed by Grantor in favor of Beneficiary, which is payable in full on or before September 1, 2003 (the "Note"), and any and all renewals, modifications, and extensions of the Note, whether or not evidenced by new or additional instruments;

(c) 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 Note);

(d) pay all amounts owed by Grantor to Beneficiary with respect to attorney fees and costs pursuant to the Note, subject to paragraph 7 of this trust deed and paragraph 9 of the Note;

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

(f) subject to paragraph 6 of this trust deed, 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;

(g) subject to paragraph 17 of this trust deed, 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 any amount owed pursuant to the Land Sale Contract (as defined in paragraph 5 below) and payment of ad valorem taxes and mechanics' or materialmen's liens that may have gained priority over the lien of this trust deed; and

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

3. Assignment of Leases, Rents, and Profits. Grantor acknowledges and agrees that the assignment in this trust deed 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 an Event of Default (defined herein) has occurred, Grantor shall have a license to collect and receive such rents, royalties, income, and profits. During the occurrence of an Event of 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. All lease payments, rents, royalties, income, and profits collected by Beneficiary or a receiver may in Beneficiary's discretion (which shall be reasonably exercised) 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.

4. Security Agreement. This trust deed, without affecting its validity as a real estate trust deed and mortgage, also is executed by Grantor and Operator as, and shall be construed as, a security agreement under the Washington Uniform Commercial Code granting Beneficiary a security interest in the Personal Property. In addition to the rights and remedies provided in this trust deed, Beneficiary shall have all the rights and remedies granted by such Uniform Commercial Code. Grantor and Operator covenant and agree to execute and file financing statements and similar documents reasonably deemed necessary or desirable by Beneficiary to perfect, continue, and renew Beneficiary's security interest in the Personal Property. IN ADDITION, THIS TRUST DEED SHALL CONSTITUTE A FIXTURE FILING UNDER THE WASHINGTON UNIFORM COMMERCIAL CODE.

5. Interest of Skamania County. Grantor 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 Salishan Lodge, Inc., 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 and hereby agrees that Beneficiary may do so as well. Furthermore, Grantor hereby agrees, represents, and warrants that Grantor is the successor in interest to Salishan Lodge, Inc., under the Land Sale Contract, that the County has accepted Grantor as an



Eligible Owner (as that term is defined in the Land Sale Contract), and that Grantor shall perform in a timely manner all of the purchaser's obligations under the Land Sale Contract.

6. Title Insurance. Prior to or contemporaneously with the funding of the loan evidenced by the Note and secured by this trust deed, Grantor shall provide Beneficiary at Grantor's expense with an ALTA mortgagee's extended coverage title insurance policy issued by First American Title Insurance Company or such other company reasonably acceptable to Beneficiary in the amount of \$14,200,000, 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 (a) the Land Sale Contract, (b) liens in favor of Beneficiary relating to the loan evidenced by the Note, (c) any leases of all or any portion of the Real Property of which Beneficiary has actual knowledge and that have not been expressly subordinated to this trust deed; and (d) those matters described in Exhibit 2 to this trust deed (collectively, the "Permitted Liens"). Notwithstanding anything contained herein to the contrary, in the event the title policy described in the first sentence of this paragraph affords coverage for a liability of Grantor hereunder or under any of the other Loan Documents, Beneficiary agrees that it shall make a good faith effort to look to such coverage first, before proceeding against Grantor with respect to such liability.

7. Appraisal Costs and Other Expenses. Prior to or contemporaneously with the closing of the transaction in which this trust deed is executed and delivered to Beneficiary, Grantor shall reimburse Beneficiary for costs and expenses, which shall be limited to reasonable attorney fees incurred by Beneficiary in connection with the negotiation and documentation of this trust deed, the Note, and any related documents, and costs and expenses incurred by Beneficiary with respect to any appraisal (and Beneficiary's review thereof) of the Collateral. In addition, Grantor hereby agrees that it shall reimburse Beneficiary for reasonable costs and expenses incurred by Beneficiary 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 30 days of the date Beneficiary bills Grantor for such costs and expenses. Notwithstanding any provision herein to the contrary, Grantor shall not be required to pay for, or reimburse Beneficiary for, costs or expenses of the type described above incurred by Beneficiary as a result of compliance with Beneficiary's rules or

policies (and not required by law or regulation) unless an Event of Default (as defined below) existed as of the date such cost or expense was incurred.

8. Subordination and Attornment Agreements.

Contemporaneously with the execution of this trust deed, Grantor shall cause Operator to execute and deliver a subordination agreement reasonably acceptable to Beneficiary. Furthermore, Grantor shall use its best efforts to cause any future tenant (including subtenants, if any) of all or any portion of the Real Property to execute a subordination and attornment agreement in a form reasonably satisfactory to Beneficiary and shall deliver the executed agreement to Beneficiary within a reasonable period of time after lease execution. Finally, prior to or contemporaneously with the execution of this trust deed, Grantor shall cause Dolce to execute an agreement in a form reasonably acceptable to Beneficiary whereby Dolce acknowledges that Dolce's interest, if any, in the Collateral is junior and subordinate to Beneficiary's interest in the Collateral, that Dolce will perform its obligations under the management agreement if Beneficiary succeeds to Grantor's interest in that agreement and requests Dolce's continued involvement in the management of the Real Property, and that Dolce will vacate the Real Property and discontinue its role as manager of the property if Beneficiary directs Dolce to do so following an Event of Default by Grantor under this trust deed.

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 in this trust deed;

(b) The County has accepted Grantor as an Eligible Owner (as that term is defined in the Land Sale Contract) and has consented to the assignment to Grantor of the vendee's interest under that contract;

(c) Grantor shall, subject to the provisions of paragraph 6 of this trust deed, defend the title to the Collateral against all claims and demands whatsoever;

(d) as of the date hereof the Collateral is free and clear of any and all liens, claims, encumbrances, restrictions, encroachments, and interests whatsoever, except the Permitted Liens;

(e) the Real Property and improvements on the Real Property are, to the best of Grantor's knowledge, in



substantial compliance with all applicable zoning, building, use, and other governmental requirements, environmental laws, and access laws, except as disclosed in the Property Report and Environmental Report (hereinafter defined) (notwithstanding the foregoing, Beneficiary is aware, based upon the Engineering and Structural Report prepared by LM Consultants, Inc., and dated May 14, 1996 (the "Property Report"), and Beneficiary's general familiarity with the Real Property, that the Real Property may not be in strict compliance with all access laws. Such noncompliance (if any) shall not constitute a breach of Grantor's representations or warranties herein unless (i) a governmental or other authority charged with enforcement of access laws notifies, cites, or otherwise informs Grantor that the Real Property does not comply with access laws, requires Grantor to remedy the noncompliance, and Grantor fails to do so in a reasonably timely manner (including time spent by Grantor contesting in good faith the claim that the Real Property does not comply with access laws), or (ii) the noncompliance materially impairs the value of the Real Property and Grantor does not formulate and implement in a reasonably timely manner a plan reasonably satisfactory to Beneficiary to remedy such noncompliance);

(f) 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 and the improvements and business on the Real Property;

(g) any and all material obligations Grantor has incurred in connection with the Collateral are current and without default in any material respect, provided, however, that Grantor will not be in violation of this representation and warranty if notice of default with respect to such obligation must be given to Grantor by a third party and Grantor has not received such notice, or if Grantor is entitled to an opportunity to cure its default with respect to the obligation and Grantor is in the process of doing so in accordance with applicable cure provisions;

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

(i) there are no actions, proceedings, investigations, or claims pending against or affecting Grantor or the Collateral that have been finally adjudicated or otherwise completed that have a material adverse effect on the Collateral (or any material portion of the Collateral), or Grantor's ability to perform its obligations to Beneficiary under this trust deed, or under the Note;

(j) Grantor's execution, delivery, and performance of this trust deed and the Note have been duly authorized and do not violate its partnership agreement 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;

(k) Grantor is not in material 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, including the operating agreement between Grantor and Dolce provided, however, that Grantor will not be in violation of this representation and warranty if notice of such breach or default under such agreement must be given to Grantor by the other party to the agreement and Grantor has not received such notice, or if the agreement in question provides Grantor an opportunity to cure its breach or default thereunder and Grantor is in the process of doing so in accordance with the agreement in question; and

(l) The Real Property is not used principally for agricultural or farming purposes.

Operator makes such of the foregoing representations and warranties as are applicable to the Personal Property. Unless otherwise noted above, the foregoing representations and warranties of Grantor and Operator are continuous and shall remain in force and effect until Grantor has satisfied in full its obligations under this trust deed and under the Note.

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 Note, 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 of such property, when due and payable according to law;

(b) Promptly pay and satisfy, or bond, 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) Promptly pay and satisfy all of the purchaser's obligations under the Land Sale Contract;

(d) 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 of such property, including, but not limited to, environmental laws and access laws; and

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

Grantor shall not be deemed to be in default under this paragraph of this trust deed by reason of its failure to pay or comply with the above-referenced obligations so long as Grantor is contesting same 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 under this trust deed and under the Note, Grantor (and Operator, as to the Personal Property) 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) Comply with its obligations under existing and future leases of all or any portion of the Real Property;

(c) Not remove or alter the improvements on the Real Property in a way that would materially reduce the value of the Real Property (provided that Grantor shall be entitled to remove or alter improvements if the same are obsolete, or if such removal or alteration is done in connection with a renovation of the Real Property or a tenant buildout for a new lease), and shall not materially alter the type of business operated on the Real Property;

(d) Expend monies for capital expenditures or furniture, fixtures, and equipment (collectively "CAPEX") with respect to the Real Property in each fiscal year until the Note has been paid in full (commencing in fiscal 1997) in an amount at least equal to three percent of the gross revenue generated by the business operated on the Real Property during the year in question, provided, however that Grantor may expend a lower level of CAPEX during any fiscal year, if Grantor establishes a capital expenditure reserve account (the "Reserve Account") into which Grantor shall deposit on or before the end of the fiscal year in question an amount equal to the difference between (i) three percent of the gross revenue generated by the business operated on the Real

Property during the year in question, and (ii) the amount Grantor actually spent on CAPEX with respect to the Real Property during the year in question. Grantor shall be permitted (in its sole discretion) to withdraw funds from the Reserve Account, provided such funds are used in connection with CAPEX. Grantor shall provide Beneficiary with an accounting of the use of such funds within 120 days after the end of the fiscal year. Grantor shall maintain the Reserve Account at one of Beneficiary's branches or offices unless Grantor demonstrates to Beneficiary's reasonable satisfaction that Beneficiary may obtain a first priority interest in the funds in the Reserve Account (free and clear of any liens, rights, or claims, including any banker's lien or setoff right of the financial institution at which the Reserve Account is maintained) and Grantor takes all action reasonably requested by Beneficiary to enable Beneficiary to obtain a first priority interest in those funds;

(e) Not operate the Real Property and the resort business conducted on the property in a manner that is not consistent with the quality of operation of similar resorts in the Pacific Northwest, or allow the Real Property and business conducted on that property to be conducted in such a manner;

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

(g) Not grant any lien or security interest in the Collateral, or any portion of the Collateral, other than the Permitted Liens.

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 Beneficiary:

(a) Insurance against loss or damage to the Real Property and all improvements on the Real Property 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 Note, 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 13(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 10 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 of the Collateral. Grantor promptly shall provide Beneficiary with evidence that the insurance required in this trust deed 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 or casualty 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. Notwithstanding the foregoing, provided there is no Event of Default and subject to the conditions specified below, the proceeds of casualty insurance or condemnation proceeds (as the case may be) shall be paid to Grantor and Grantor shall use such proceeds to promptly repair the Real Property or the Personal Property affected by the condemnation or the insured event, occurrence, or risk (the "Loss"). Before Grantor may use insurance or condemnation 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 or that Grantor has the funds necessary to complete such repairs; (b) that the insurance proceeds (or condemnation proceeds, as the case may be) 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 if any proceeds remain after completion of the repairs, those proceeds shall be paid to Beneficiary and applied to Grantor's obligations to Beneficiary secured by this trust deed; and (d) 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 Loss.

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 of the Collateral. 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 (but the foregoing shall not limit Grantor's ability to make business judgments with respect to the Collateral, provided that the exercise of such judgment does not violate the terms of this trust deed or the Note). 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 in this trust deed, 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 Note 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 loan evidenced by the Note. 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 of the Real Property, leases all or any portion of the Real Property, or undergoes a material change in its ownership structure or composition, then Beneficiary or any other holder of the Note may declare the entire unpaid balance owed pursuant to the Note to be immediately due and payable. Failure of Beneficiary to accelerate the amount owed pursuant to the Note 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 Note following the occurrence of another event of the type described above. Notwithstanding the foregoing, (a) Grantor may lease all or any portion of the Real Property to Operator pursuant to a lease agreement reasonably acceptable to Beneficiary, and (b) (i) Grantor may transfer all or any portion of the Collateral to, or (ii) the ownership interests



in Grantor or Operator may be transferred to, any affiliate of The Yarmouth Group, Inc., provided that Beneficiary consents in advance in writing to such transfer, which consent will not be withheld unreasonably (and which consent will be granted to an affiliate of The Yarmouth Group, Inc., domiciled in the United States that has a financial condition at least as good as that of Grantor as of the date of the transfer and is capable of owning, maintaining, and operating the property in a reasonably satisfactory manner.

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, following ten days' written notice to Grantor and subject to Grantor's contest rights provided in paragraph 11 of this trust deed, 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 Note), shall be due and payable within 30 days' notice thereof 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 Coverage Covenant. The business operated by or on behalf of Grantor and Operator on the Real Property shall generate a Debt Service Coverage (as defined below) of at least 1.35 to 1 until it has satisfied in full its obligations to Beneficiary under this trust deed and under the Note. For purposes of this trust deed, the term "Debt Service Coverage" means the quotient of the net operating income generated by the business operated on the Real Property during each fiscal year (such net operating income is defined as income before fixed expenses and payments Grantor is required to make pursuant to the Note and the Land Sale Contract less real estate taxes and insurance, in accordance with the Uniform System of Accounts for Hotels) divided by Grantor's actual aggregate debt service payments that it was required to make to Beneficiary pursuant to the Note and to Skamania County, Washington, pursuant to the Land Sale Contract during the year in question. This covenant shall be measured as of the end of each of Grantor's fiscal years (commencing in 1996) and shall be calculated based on Grantor's fiscal year-end financial statement. At the time Grantor provides Beneficiary with a copy of Grantor's annual



financial statement, Grantor also shall provide Beneficiary with a certificate in a form reasonably satisfactory to Beneficiary signed by an authorized representative of the general partner of Grantor setting forth the Debt Service Coverage as of the end of the year in question and certifying the accuracy of the information in that certificate. Notwithstanding the foregoing, the calculation of Debt Service Coverage for the Real Property's 1996 fiscal year shall be based on the net operating income generated by the business on the Real Property from August 1, 1996, through December 31, 1996, and 5 months of actual payments due on the Note and payments owed to the County pursuant to the Land Sale Contract for the months of August 1996 through December 1996.

19. Financial Information. Grantor shall furnish to Beneficiary within 120 days after the end of each of Grantor's fiscal years (a) an audited annual financial statement of Yarmouth Capital Partners L.P. II and an internally prepared annual financial statement of the business operated by or on behalf of Grantor and Operator on the Real Property, both as of the end of the preceding fiscal year, (b) the certificate described in paragraph 18 above, and (c) a document in a form reasonably satisfactory to Beneficiary certifying that Grantor, to the best of its knowledge, is in compliance with all of its obligations under this trust deed. Also, on or before March 31, 1997 (with respect to the 1997 fiscal year), December 1, 1997 (with respect to the 1998 fiscal year), and the first day of December of each succeeding year with respect to the following fiscal year until the Note is paid in full, Grantor shall deliver to Beneficiary a projected operating statement with respect to the business conducted on the Real Property for the upcoming year and a proposed capital improvement budget for that year. Such operating statements and capital improvement budgets shall be in reasonable detail and in a form reasonably satisfactory to Beneficiary. Furthermore, Grantor shall furnish to Beneficiary, within 25 days after the end of each calendar month (commencing in September 1996) internally prepared financial statements for the immediately preceding calendar month with respect to Grantor. 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 actual knowledge 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 Phase I environmental site assessment



reports dated May 10, 1996, and May 31, 1996, prepared by The Park Corporation, limited Phase II environmental assessment reports prepared by The Park Corporation dated June 5, 1996, and July 23, 1996, and an addendum to the July 23, 1996, Phase II environmental assessment report prepared by The Park Corporation dated July 23, 1996 (collectively the "Environmental Report"), which have 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 July 23, 1996, addendum to Phase II environmental assessment described above. 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 (subject to Grantor's ability to contest such laws) that, except as disclosed in the Property Report and as permitted herein, 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"). Notwithstanding the foregoing, Beneficiary is aware, based upon the Property Report and Beneficiary's general familiarity with the Real Property, that the Real Property may not be in strict compliance with all access laws. Such noncompliance (if any) shall not constitute a breach of Grantor's representations, warranties, or covenants herein, unless (i) a governmental or other authority charged with enforcement of access laws notifies, cites, or otherwise informs Grantor that the Real Property does not comply with access laws, requires Grantor to remedy the noncompliance, and Grantor fails to do so in a reasonably timely manner (including time spent by Grantor contesting in good faith the claim that the Real Property does not comply with access laws), or (ii) the noncompliance materially impairs the value of the Real Property and Grantor does not formulate and implement in a reasonably timely manner a plan reasonably satisfactory to Beneficiary to remedy such noncompliance. 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. Nothing in this paragraph shall place a greater obligation on Grantor than that imposed by the Certificate of ADA Compliance and Indemnification Agreement of even date herewith executed by Grantor in favor of Beneficiary ("ADA Certificate") and, in the event of any conflict between the terms of this trust deed and the terms of the ADA Certificate, the terms of the ADA Certificate shall control.

22. Default. Time is of the essence with respect to Grantor's performance of its obligations under the Note 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 Note after all applicable notice and cure periods have expired;



(b) An Event of Default has occurred (as that term is defined in that certain trust deed executed by YCP Salishan L.P. in favor of Beneficiary contemporaneously with the execution of this trust deed);

(c) Grantor fails to perform any covenant or agreement after all applicable notice and cure periods have expired in a guaranty of even date herewith executed by Grantor with respect to the obligations of YCP Salishan L.P. to Beneficiary;

(d) Grantor fails to perform any obligation or agreement in the Land Sale Contract after all applicable notice and cure periods have expired;

(e) Grantor fails to perform any obligation or agreement in its lease with Operator with respect to the Real Property;

(f) Grantor fails to perform any covenant or agreement, or breaches any representation or warranty, contained in this trust deed, or in any other agreement between Grantor and Beneficiary, and such failure or breach is not cured within 30 days after receipt of written notice of failure to perform, or breach of the same, or, in the event such failure to perform or breach cannot be cured within such 30-day period, Grantor has taken reasonable steps to undertake a cure thereof and is diligently prosecuting to completion such cure (notwithstanding the foregoing, if Grantor fails to demonstrate the 1.35 to 1 Debt Service Coverage required by paragraph 18 of this trust deed, Grantor shall have 90 days from the date at which it was not in compliance with that covenant to cure its default (i.e., achieve 1.35 to 1 Debt Service Coverage for the 12-month period prior to the end of such 90 days) by either (i) reducing the outstanding principal balance of the Note, or (ii) causing the Real Property (by increasing revenue, reducing expenses, or otherwise) to achieve the Debt Service Coverage covenant, and during that 90-day period Beneficiary will not charge Grantor the default rate of interest specified in the Note, or resort to its remedies hereunder or under the Note 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 Note, and any other agreements with Beneficiary);

(g) Any of the events specified in the second sentence of paragraph 16 of this trust deed, unless otherwise permitted by such paragraph 16;

(h) Grantor encumbers the Real Property, or any interest therein, voluntarily, involuntarily, or by operation

of law (other than current taxes or assessments or the Permitted Liens), without the prior written consent of Beneficiary, provided, however, that if such encumbrance was not granted voluntarily by Grantor, Grantor shall not be in default under this trust deed unless Grantor fails to remove such encumbrance within 30 days of receiving notice thereof, or if such encumbrance cannot reasonably be removed within such 30-day period, Grantor has not undertaken reasonable steps to remove such encumbrance and is not diligently prosecuting such cure to completion;

(i) 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; or

(j) 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.

23. Remedies. During an Event of Default, Beneficiary shall have the option to declare all debts and liabilities of Grantor to Beneficiary immediately due and payable with 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 an Event of Default (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 during an Event of Default 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. Lien Release Agreement. Beneficiary shall release its liens and security interests in the Collateral (including,



without limitation, the Guaranty and second trust deed) upon receipt of payment in the form of collected funds of the entire amount owed pursuant to the Note, provided that (a) the remaining amount owed by YCP Salishan L.P. to Beneficiary at the time in question with respect to the loan secured by certain property in Lincoln County, Oregon, known as Salishan Lodge and The Marketplace at Salishan (collectively the "Salishan Property") is less than 60 percent of the appraised value (as determined by Beneficiary in its reasonable discretion) of the Salishan Property, and (b) the net operating income produced by the Salishan Property provides a Debt Service Coverage of at least 1.35 to 1 for the previous 12-month period.

25. 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.

26. Governing Law. This trust deed shall be governed by the laws of the state of Washington. 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.

27. 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 of this trust deed 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 of this trust deed 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.

28. 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 to this trust deed all costs and disbursements awarded in such action (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.

29. Notice. Any notice required or allowed under this trust deed shall be effective only if given by facsimile transmission to the numbers specified below, in writing by first class mail, or by courier delivery where a receipt is obtained, at the address specified below (or at such other address as a party hereafter may state by written notice).

To Grantor:

950 East Paces Ferry Road  
Suite 3210  
Atlanta, Georgia 30326  
Facsimile: (404) 364-5701  
Attention: Ms. Jill Overton

Two Prudential Plaza  
180 North Stetson Street  
Suite 1300  
Chicago, Illinois 60601  
Facsimile: (312) 861-1105  
Attention: Ms. Doris Parker-Grossman

10 East 50th Street  
New York, New York 10022  
Facsimile: (212) 593-5186  
Attention: Mr. Daniel Rashin

c/o Paul, Hastings, Janofsky & Walker LLP  
Thirty-First Floor  
399 Park Avenue  
New York, New York 10022  
Facsimile: (212) 319-4090  
Attention: Mr. Kevin J. O'Shea

To Bank and  
Trustee:

111 S.W. Fifth Avenue  
Suite 400  
Portland, Oregon 97204  
Facsimile: (503) 275-7290  
Attention: Ms. Carol S. Mangan

c/o Miller, Nash, Wiener, Hager &  
Carlsen LLP  
111 S.W. Fifth Avenue  
Suite 3500  
Portland, Oregon 97204  
Facsimile: (503) 224-0155  
Attention: Mr. Louis G. Henry

Notice delivered by mail shall be deemed delivered four days after the post-marked date thereof. Notwithstanding the foregoing, Beneficiary shall be required to provide notice



regarding Grantor's failure to make any payment required by the Note only to the first address listed above.

30. Reconveyance by Trustee. Upon Beneficiary's consent (which shall not be unreasonably withheld) and written request of Grantor stating that all sums secured by this trust deed have been paid, surrender of this trust deed and the Note 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 under this trust deed and shall release YCP Salishan L.P. of its obligations pursuant to its guaranty with respect to the indebtedness evidenced by the Note. 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."

31. Binding Effect. This trust deed, and the warranties, covenants, and agreements made in this trust deed, 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, except as permitted in paragraph 16 of this trust deed. Beneficiary shall be entitled to transfer (by assignment, sale, participation, or otherwise) its rights and obligations under this trust deed at any time, without Grantor's consent, provided, however, that if Beneficiary does so, it shall continue to be lead agent with respect to the loan evidenced by the Note following any such transfer.

32. Beneficiary's ERISA Provisions. Beneficiary represents and warrants that no Plan (as defined below) is directly or indirectly a participant in the loan evidenced by the Note and that Beneficiary is making that loan solely for its own account. Beneficiary covenants that the representations and warranties made in the immediately preceding sentence will be true throughout the term of the loan, and that Beneficiary may not transfer or grant a participation in all or any portion of its interest in the loan, except to an entity (other than a Plan) making the representations and warranties made in such preceding sentence, and the covenants made in this sentence. "Plan" means an "employee benefit plan" as defined in Section 3(3) of ERISA or a "plan" within the meaning of Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended.

33. Non-Recourse Provision. Notwithstanding anything contained in this trust deed to the contrary, this trust deed shall be recourse to Grantor but not to Grantor's partners or its partners' partners (collectively,

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the "Non-Recourse Parties"). No action or proceeding to enforce the obligations of Grantor under this trust deed shall be commenced against or name the Non-Recourse Parties, and any judgment or decree rendered in connection therewith shall not be asserted or enforceable against the Non-Recourse Parties.

34. Deed of Trust. All references to deed of trust shall mean trust deed.

IN WITNESS WHEREOF, Grantor and Operator have executed this trust deed as of the date first above written.

YCP SKAMANIA L.P.

By YCP Skamania, G.P., Inc.,  
its general partner

By Herbert L. Miller, Jr.  
Vice President

STATE OF NEW YORK )  
COUNTY OF NEW YORK )

SS

The foregoing instrument was acknowledged before me this 21st day of August, 1996, by Herbert L. Miller, Jr., Vice President of YCP Skamania, G.P., Inc., as general partner of YCP Skamania L.P.

SANDRA A. CRAWSKAY  
Notary Public, State of New York  
No. 31-4924241  
Qualified in New York County  
Commission Expires 03/21/98

Sandra A. Crawskay  
Notary Public for New York  
My commission expires: 03/21/98

YCP SKAMANIA OPERATOR, INC.

By Herbert L. Miller, Jr.  
Vice President



AUG-21-1995 11:04

MILLER NASH

503 224 0155 P.12

STATE OF NEW YORK )

COUNTY OF NEW YORK )

SS

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The foregoing instrument was acknowledged before me  
this 21st day of August, 1996, by Herbert L. Miller, Jr., Vice  
President of YCP Skamania Operator, Inc.

CANDICE A. CROWSHAW  
Notary Public, State of New York  
No. 31-4924241  
Qualified in New York County  
Commission Expires 03/21/98

Candice A. Crowshaw  
Notary Public for New York  
My commission expires: 03/21/98

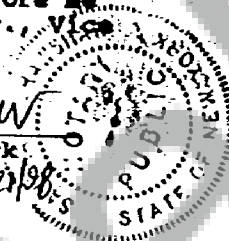


EXHIBIT 1

BOOK 159 PAGE 165

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, in the County of Skamania, State of Washington, and being a portion of two tracts of land conveyed to Skamania County by deed recorded in Book 27, Page 39, and in Book 110, Page 121, Skamania County Deed Records, described as follows:

Beginning at a 1/2 inch iron rod as depicted on that certain Records of Survey recorded in Volume 3, Page 53, 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 1,935.30 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 149.14 feet; thence South 78° 55' 22" East 121.89 feet; thence North 48° 11' 16" East 259.96 feet; thence South 39° 51' 26" 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 72° 28' 58" West 32.45 feet; thence South 00° 02' 58" West 93.69 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 21° 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, in 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:

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 1,935.30 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 1,839.91 feet to an 1/2 inch iron pipe; thence South 39° 00' 18" West 396.02 feet to a 1/2 inch iron rod; thence North 78° 35' 44" West 97.60 feet to a 1/2 inch iron rod; thence North 35° 28' 44" West 122.60 feet to a 1/2 inch iron rod; thence North 65° 46' 40" West 919.35 feet to a 1/2 inch iron rod on the Southeastern line of BPA right of way; thence along said right of way North 40° 21' 00" East 2,004.39 feet to a 1/2 inch iron rod; thence leaving said right of way South 21° 52' 06" East 221.63 feet to a 1/2 inch iron pipe; thence South 89° 53' 16" East 104.76 feet to a 1/2 inch iron pipe; thence North 45° 07' 04" East 121.84 feet to a 1/2 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 1/2 inch iron rod; thence South 34° 22' 53" East 377.84 feet to a 1/2 inch iron rod; thence South 65° 26' 35" East 236.37 feet to a 1/2 inch iron rod; thence South 13° 10' 46" West 117.78 feet to a 1/2 inch iron rod; thence South 71° 56' 35" East 207.62 feet to a 1/2 inch iron rod; thence North 13° 10' 46" East 194.93 feet to a 1/2 inch iron rod; thence South 72° 58' 35" East 72.19 feet to a 1/2 inch iron rod; thence South 53° 51' 59" East 476.72 feet to a 1/2 inch iron rod; thence South 75° 24' 01" East 132.00 feet to a 1/2 inch iron rod; thence

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Exhibit 1  
Page 1 of 5



South 89° 09' 01" East 74.00 feet to a 1/4 inch iron rod; thence South 00° 50' 59" West 132.00 feet to a 1/4 inch iron rod; thence South 89° 09' 01" East 180.29 feet to a 1/4 inch iron rod on the Southwesterly right of way of Foster Creek Road (40.00 foot right of way); thence along said right of way 260.65 feet along the arc of a 224.50 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 1/4 inch iron rod; thence South 77° 50' 37" East 114.61 feet to a 1/4 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 1/4 inch iron rod; thence South 66° 11' 37" East 273.36 feet to a 1/4 inch iron rod; thence leaving said right of way South 46° 53' 56" West 373.47 feet to a Starnania County brass cap; thence South 62° 28' 04" East 785.01 feet to a 1/4 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° 12' 02" East, a distance of 73.57 feet to a 1/4 inch iron rod; thence South 36° 33' 04" East 17.29 feet to a 1/4 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 1/4 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 (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° 32' 58" West 370.52 feet to a point that bears South 17° 15' 33" West 0.56 feet from a concrete right of way monument; thence 412.67 feet along the arc of a 1,587.10 foot radius curve to the right, having a central angle of 14° 56' 02", the chord of which bears South 16° 00' 59" West, a distance of 412.50 feet to a 1/4 inch iron rod; thence North 66° 31' 00" West 20.00 feet to a 1/4 inch iron rod; thence 191.45 feet along the arc of a 1,567.10 foot radius curve to the right, having a central angle of 08° 59' 59", a chord of which bears South 26° 58' 59" West, a distance of 181.33 feet to a 1/4 inch iron rod; thence South 59° 31' 02" East 20.00 feet to a 1/4 inch iron rod; thence 62.63 feet along the arc of a 1,587.10 foot radius curve to the right, having a central angle of 02° 15' 40", the chord of which bears South 31° 36' 45" West, a distance of 62.63 feet to a 1/4 inch iron rod; thence North 58° 03' 57" West 8.39 feet to a point that bears North 50° 38' 42" West 0.70 feet from a concrete right of way monument; thence South 33° 56' 03" West 208.73 feet to a point that bears South 65° 29' 49" East 0.58 feet from a concrete right of way monument; thence North 56° 03' 57" West 60.00 feet to a point that bears North 35° 49' 26" West 0.57 feet from a concrete right of way monument; thence South 33° 53' 03" West 133.77 feet to a point that bears South 78° 22' 11" West 1.00 feet from a concrete right of way monument; thence South 66° 03' 57" East 5.47 feet to a 1/4 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 foot right of way); thence along said Malicot right of way South 66° 27' 19" West 46.44 feet to a 1/4 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° 00' 00", the chord of which bears South 78° 57' 19" West, 196.47 feet to a 1/4 inch iron rod; thence North 78° 32' 41" West 13.00 feet to a 1/4 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° 12' 00", the chord of which bears South 58° 51' 19" West, a distance of 170.17 feet, to a 1/4 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° 00' 00", the chord of which bears South 12° 14' 41" East, a distance of 165.48 feet to a 1/4 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° 44' 00", the chord of which bears South 05° 52' 41" East, a distance of 75.12 feet to a 1/4 inch iron rod; thence South 28° 59' 19" West 98.80 feet to a 1/4 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° 18' 00", the chord of which bears South 57° 38' 19" West, a distance of 63.00 feet to a 1/4 inch iron rod marking a point of reverse curvature;

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thence 254.56 feet along the arc of a 507.60 foot radius curve to the left, having a central angle of 28° 44' 00", the chord of which bears South 71° 55' 19" West, a distance of 251.90 feet to a 1/4 inch iron rod marking a point of reverse curvature; thence 44.84 feet along the arc of a 160.80 foot radius curve to the right, having a central angle of 15° 58' 38", the chord of which bears South 65° 32' 38" West, a distance of 44.88 feet to a 1/2 inch iron rod; thence leaving said Malhot Road right of way North 00° 50' 59" East 1,237.41 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, in the County of Skamania, State of Washington, and being a portion of two tracts of land conveyed to Skamania County by deeds recorded in Book 27, Page 39, and in Book 110, Page 121, Skamania County Deed Records, described as follows:

Beginning at a 1/4 inch iron rod as depicted on that certain Record of Survey recorded in Volume 3, Page 53, Survey Records, in the County of Skamania, State of Washington, marking the Northwest corner of Columbia Gorge Park recorded in Book 8, 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 1,935.30 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 518.09 feet; thence North 12° 03' 10" East 214.56 feet; thence North 40° 42' 58" East 278.93 feet; thence North 66° 22' 55" East 148.14 feet; thence South 78° 55' 22" East 121.39 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 82° 33' 34" East 94.34 feet; thence South 27° 25' 26" West 175.84 feet; thence South 04° 42' 01" West 37.03 feet; thence South 17° 31' 02" East 206.61 feet; thence North 72° 26' 58" East 10.84 feet; thence South 17° 31' 02" East 66.51 feet; thence South 72° 26' 58" West 7.90 feet; thence South 17° 31' 02" East 44.88 feet; thence South 72° 26' 58" West 13.22 feet; thence South 17° 31' 02" East 100.63 feet; thence South 31° 57' 00" East 36.43 feet; thence South 70° 07' 20" West 232.20 feet to the point of beginning, and there ending, all in Skamania County, Washington.

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

CONTINUED

Exhibit 1  
Page 3 of 5



Commencing from a 1/2 Inch Iron rod as depicted on that certain Record of Survey recorded in Volume 3, Page 53, 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 1,935.30 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 54.14 feet to a point; thence South 72° 28' 58" West 27.30 feet to a point; thence North 17° 31' 02" West 71.64 feet to a point; thence South 72° 28' 58" 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 141.00 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.

Parcel III

A tract of land in the Baughman D.L.C. in Section 2, Township 2 North, Range 7 East of the Willamette Meridian in the County of Skamania and State of Washington, described as follows:

Commencing at a point of intersection of the West line of the Baughman D.L.C. with the North line of State Highway No. 8, according to the survey and establishment thereof approved August 24, 1937; thence North along said D.L.C. line approximately 200 feet to intersection with the southerly line of the County Road; thence following the southerly line of said County Road in an easterly direction to intersection with the Old State Highway according to the survey approved March 16, 1927; at approximately Station 4900 of said Old State Highway survey; thence following the northerly line of right of way line of said Old State Highway and of the present State Highway, in a westerly direction to point of beginning.

A tract of land in the Daniel Baughman D.L.C. #42 in Section 2, Township 2 North, Range 7 East of the Willamette Meridian in the County of Skamania and State of Washington, described as follows:

That portion of the 100 foot strip of land described in a deed to State of Washington dated 2 April, 1927 and recorded at Page 292, Book V of Deeds, records of Skamania County, Washington, lying northerly of the North line of S.H. 14 and westerly of that property described in deed to Skamania County, dated 23 March, 1976 and recorded at page 779, Book 70 of Deeds, records of Skamania County, Washington.

CONTINUED

BOOK 159. PAGE 169

A tract of land in the Daniel Baughman D.L.C. #42 in Section 2, Township 2 North, Range 7 East of the Willamette Meridian in the County of Skamania and State of Washington, described as follows:

Beginning on the East line of Highway No. 8 as located in 1926 in the center of a concrete culvert, 200 feet Northeast from the intersection of the East line of Highway No. 8, with the West line of the Rail Road; thence Northeasterly along said Highway 230 feet at right angle, Easterly to intersection with Rail Road right of way; thence southwesterly along Rail Road 430 feet to Highway No. 8; thence northeasterly along Highway 200 feet to the point of beginning.

EXCEPT that portion conveyed to Skamania County by instruments recorded July 10, 1975, in Book 69, Page 179, Skamania County Deed Records and re-recorded April 10, 1976 in Book 70, Page 779, Skamania County Deed Records.

Together with that portion of Mallcott Road as vacated by Ordinance No. 871, recorded 12-20-91 in Book 126, Page 584, Also Recorded July 26, 1996 in Book 158, Page 625.

Except that portion lying within Bass Lake Road & that portion of Mallcott Road, which was not vacated by Ordinance shown above.



EXHIBIT 2

BOOK 154 PAGE 170

1. Taxes for the year 1996; \$156,999.48, balance unpaid \$78,499.74  
Parcel No. 02-07-02-0-0-0611-00  
  
Taxes for the year 1996; \$50,754.69, balance unpaid \$25,377.34  
Parcel No. 02-07-02-0-0-0612-00
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. Road Re-location 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.
4. Road Re-location 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.
5. Road Re-location 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.
6. Settlement Agreement, including the terms and provisions thereof, recorded May 26, 1992 in Book 128, Page 783, Skamania County Deed Records.
7. Conditions 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.
8. Easement for Ingress and Egress, including the terms and provisions thereof, recorded May 26, 1992 in Book 128, Page 836, Skamania County Deed Records.

BOOK 159 PAGE 171

9. 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).  
By instrument recorded August 1, 1996, in Book 158, Page 744, in Auditor's File No. 125893, Skamania County Deed Records, the purchasers interest in said contract was assigned to YCP SKAMANIA L.P., a Delaware limited partnership.
10. Covenants of Public Access, including the terms and provisions thereof, recorded May 1, 1996 in Book 156, Page 987.
11. License between Skamania County, Salishan Lodge and the United States of America, including the terms and provisions thereof, recorded May 1, 1996 in Book 156, Page 983.
12. Easement for Utilities, Pedestrian and Bicycle Path, including the terms and provisions thereof, by ordinance No. 871, recorded Dec. 20, 1991 in Book 126, Page 584. Also Recorded July 26, 1996 in Book 158, Page 625. (Affects Parcel III).
13. Memorandum of Founders rights, including the terms and provisions thereof recorded August 1, 1996, in Book 158, Page 750.

NOTE: Personal Property Taxes for 1996: \$21,793.28 Paid in full.  
Parcel No. 92-010340