

After recording return to:

Water Front Rec Inc REAL ESTATE EXCISE TAX
PO Box 7139 N/A
Bend OR 97708

AUG 20 2009

PAID Excise # 28188 DTD 8/20/09
Cy Deputy
SKAMANIA COUNTY TREASURER

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ASSIGNMENT, ASSUMPTION AND CONSENT

"ASSIGNOR"	Jeff Warren Marshall and Deborah J. Marshall 14370 SE Topaz Milwaukie, OR 97267	Curtis Olaf Roman and Joy Terese Roman 16023 Whipperwill Ct. Clackamas, OR 97015
"ASSIGNEE"	Mitchell & Burk, LLC a Washington limited liability company S. 4206 Sullivan Road Veradale, WA 99037	
"WATER FRONT"	WATER FRONT RECREATION, INC., a Washington Corporation P.O. Box 7139 Bend, OR 97708-7139	
"GUARANTOR"	Jamey A. Mitchell 3860 NW 9 th Loop Camas, WA 98607	
"GUARANTOR"	Jeffery R. Mitchell 1650 NE 29 th St. Vancouver, WA 98682	
"GUARANTOR"	Marilyn J. Burkhart S. 4206 Sullivan Road Veradale, WA 99037	

(collectively, "Guarantors")

DATED: Aug 10, 2009

In consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor, Assignee, and Water Front hereby agree as follows:

1. **Assignment.** Assignor hereby assigns to Assignee all right, title and interest Assignor has in and to:

1.1 Those certain Premises described as follows:

Skamania County Assessor
Date 8-20-09 Parcel 96-000171

Cabin Site #171 of the North Woods being part of Government Lots 4 and 8, Section 26, Township 7 North, Range 6 East, W.M., Skamania County, Washington, SUBJECT, however to an easement for right of way for access road acquired by the United States of America, United States Forest Service. (Assessor's Parcel #96-000171)

1.2 And under that certain Cabin Site Lease of the Premises from Water Front to Ricky and Delores Schulz, dated July 2, 1993, and subsequently assigned by mesne assignments to Assignor, a copy of which Cabin Site Lease is attached hereto marked Exhibit A, and incorporated herein by reference.

2. **Assumption.** Assignee hereby accepts this Assignment and hereby assumes and agrees to perform all obligations of the Lessee under the Cabin Site Lease.

3. **Consent.** Water Front hereby consents to the foregoing assignment and assumption subject to the terms and conditions of this Assignment, Assumption and Consent.

4. **No Assignment Without Consent.** The transfer of any interest in the ownership of Assignee whether voluntarily or by operation of law or otherwise shall be deemed an assignment and subject to the prohibition against assignment without the prior written consent of Water Front pursuant to Section 7.04 of the Cabin Site Lease.

5. **Guaranty.** In order to induce Water Front to consent to this Assignment and for other good and valuable consideration, the Guarantors hereby agree as follows:

5.1. Guarantors hereby absolutely, unconditionally, and irrevocably jointly and severally guarantee to Water Front the full and prompt payment of all base rent and additional rent and any and all other sums and charges payable by Tenant under the Lease (collectively, the "Payment Obligations") and hereby further guarantee the full and timely performance and observance of all of the covenants, terms conditions and agreements therein provided to be performed and observed by Tenant (the "Performance Obligations" and together with the Payment Obligations collectively, the "Obligations"). In the event of a default under the Lease, Guarantors hereby covenant and agree with Water Front: (i) to make the due and full punctual payment of all Payment Obligations payable by Tenant under the Lease; (ii) to effect prompt and complete performance of all and each of the Performance Obligations, contained in the Lease on the part of Tenant to be kept, observed and performed; and (iii) to indemnify and save harmless Water Front from any loss, costs or damages arising out of any failure by Tenant to pay or perform any Obligation including, without limitation, attorneys' fees and costs of collection. This Guaranty is a continuing guaranty of payment and performance and is not conditional or contingent upon any attempt to collect from Tenant or upon any other condition or contingency.

5.2. In the event of a default under the Lease, Guarantors waive any right to require Water Front to first: (a) proceed against Tenant or pursue any rights or remedies with respect to the Lease; (ii) proceed against or exhaust any security that Water Front holds from Tenant; or (iii) pursue any other remedy whatsoever. Water Front shall have the right to enforce this Guaranty regardless of the acceptance of additional security from Tenant and regardless of the release or discharge of Tenant or any Guarantors by Water Front or by others, or by operation of law.

5.3. Guarantors hereby expressly waive: (a) any right of setoff, counterclaim or deduction against amounts due under this Guaranty; (b) notice of the acceptance of this Guaranty and notice of default of Tenant under the Lease; and (c) the right to interpose all substantive and procedural defenses of the law of guaranty, indemnification and suretyship, except the defenses of prior payment or prior performance.

5.4. Without limiting the generality of the foregoing, the liability of Guarantors under this Guaranty shall not be deemed to have been waived, released, discharged, impaired or affected by (a) reason of any waiver or failure to enforce or delay in enforcing any of the Obligations, or (b) the granting of any indulgence or extension of time to Tenant, or (c) the assignment of the Lease, or the subletting of the leased premises by Tenant, with or without Water Front's consent, or (d) the expiration of the term, or (e) if Tenant holds over beyond the term of the Lease, or (f) any merger or reorganization or the release

or discharge of Tenant or any other Guarantors in any voluntary or involuntary receivership, bankruptcy, winding-up or other creditors' proceedings, or (g) the rejection, disaffirmance or disclaimer of the Lease by any party in any action or proceeding, or (h) the release of any collateral held for the Obligations or release of any Guarantors or any other Guarantors, or (i) any defect or invalidity of the Lease or (j) the transfer by Guarantors of any or all of the interest held in Tenant, and shall continue with respect to the periods prior thereto and thereafter. The liability of the Guarantors shall not be affected by any repossession, re-entry or re-letting of the leased premises by Water Front.

5.5. This Guaranty will take effect when received by Water Front without the necessity of any acceptance by Water Front, or any notice to Guarantors or to Tenant, and will continue in full force until all Obligations incurred or contracted shall have been fully and finally paid and satisfied and all other Obligations of Guarantors under this Guaranty shall have been performed in full.

5.6. The liability of Guarantors under this Guaranty shall not be released by any modification or amendment to the Lease (including any extension or renewal of the term of the Lease), and in the case of any such modification, the liability of Guarantors shall be modified in accordance with the term of any such modification of the Lease. Guarantors waive any notice of the modification or amendment of the Lease.

5.7. Guarantors shall pay upon demand all of Water Front's attorneys' fees and all costs and other expenses incurred in any collection or attempted collection of this Guaranty or in any negotiations relative to the Obligations guaranteed under this Guaranty whether or not a lawsuit is commenced. All rights and remedies of Water Front under this Guaranty shall be cumulative and may be exercised singly or concurrently.

5.8. This Guaranty shall remain in full force and effect until the payment or performance of all Obligations and the other amounts payable under this Guaranty (whether or not the Lease shall have been terminated). Until the payment and performance of all Obligations and the amounts payable under this Guaranty Guarantors: (a) shall have no right of subrogation against Tenant by reason of any payments or acts of performance by the Guarantors in compliance with the obligations of the Guarantors under this Guaranty; (b) waive any right to enforce any remedy which Guarantors now or hereafter shall have against Tenant by reason of any one or more payments or acts of performance in compliance with the obligations of Guarantors under this Guaranty; or (c) subordinate any liability or indebtedness of Tenant now or hereafter held by Guarantors to the obligations of Tenant to the Water Front under the Lease;

5.9. This Guaranty may not be changed, modified, discharged or terminated orally or in any manner other than by an agreement in writing signed by the parties.

5.10. All of the terms, agreements and conditions of this Guaranty shall extend to and be binding upon Guarantors, and the heirs, executors, personal administrators, and/or successors and assigns of Guarantors and shall inure to the benefit of and may be enforced by Water Front, its successors and assigns.

6. **Counterparts.** This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this instrument in triplicate as of the date first herein above written.

GUARANTORS:

[Signature]
Jamey A. Mitchell

[Signature]
Jeffery R. Mitchell

[Signature]
Marilyn J. Burkhardt

ASSIGNOR:

[Signature]
Jeff Warren Marshall

[Signature]
Deborah J. Marshall

[Signature]
Curtis Olaf Roman

[Signature]
Joy Terese Roman

ASSIGNEE:

MITCHELL & BURK, LLC

By: [Signature]
Jamey A. Mitchell, Member

By: [Signature]
Jeffery R. Mitchell, Member

By: [Signature], Member
Marilyn J. Burkhardt, Member

WATER FRONT RECREATION, INC.:

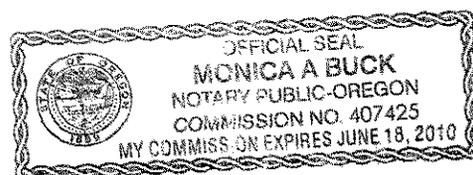
By: [Signature]
Leslie Russell, Secretary/Treasurer

State of Oregon)
County of Clackamas) ss

I certify that I know or have satisfactory evidence that Jeff Warren Marshall is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: Aug 4, 2009

[Signature]
Notary Public for State of Oregon
My Appointment Expires: June 18, 2010



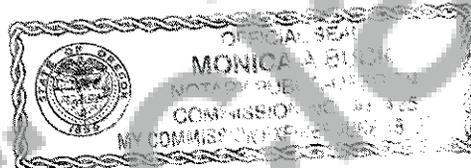
State of Oregon)
County of Clackamas) ss

I certify that I know or have satisfactory evidence that Deborah J. Marshall is the person who appeared before me, and said person acknowledged that she signed this instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: Aug 4, 2009

Monica A Buck
Notary Public for State of Oregon
My Appointment Expires: June 18, 2010

State of Oregon)
County of Clackamas) ss



I certify that I know or have satisfactory evidence that Curtis Olaf Roman is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: Aug 4, 2009

Monica A Buck
Notary Public for State of Oregon
My Appointment Expires: June 18, 2010

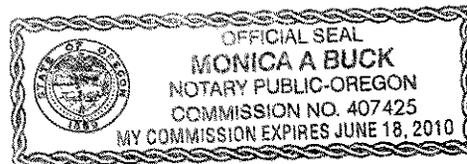
State of Oregon)
County of Clackamas) ss



I certify that I know or have satisfactory evidence that Joy Terese Roman is the person who appeared before me, and said person acknowledged that she signed this instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: Aug 4, 2009

Monica A Buck
Notary Public for State of Oregon
My Appointment Expires: June 18, 2010



State of Oregon)
) ss
County of Multnomah

I certify that I know or have satisfactory evidence that Jamey A. Mitchell is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: August 5, 2009

Catherine L. Kemp
Notary Public for State of Oregon
My Appointment Expires: April 6, 2013

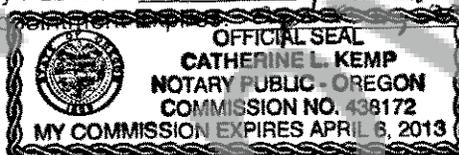


State of Oregon)
) ss
County of Multnomah

I certify that I know or have satisfactory evidence that Jeffery R. Mitchell is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: August 5, 2009

Catherine L. Kemp
Notary Public for State of Oregon
My Appointment Expires: April 6, 2013

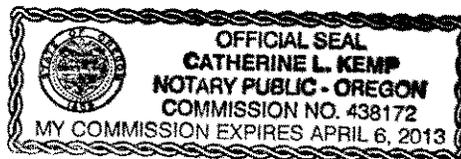


State of Oregon)
) ss
County of Multnomah

I certify that I know or have satisfactory evidence that Marilyn J. Burkhart is the person who appeared before me, and said person acknowledged that she signed this instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: August 5, 2009

Catherine L. Kemp
Notary Public for State of Oregon
My Appointment Expires: April 6, 2013



Limited Liability Acknowledgment

State of oregon)
) ss
County of Multnomah)

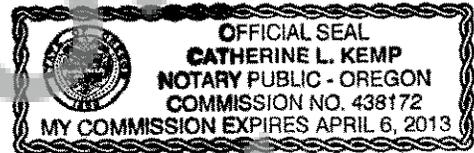
I certify that I know or have satisfactory evidence that Jamey A. Mitchell, Jeffery R. Mitchell and Marilyn J. Burkhart are the persons who appeared before me, and each said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the Members of Mitchell & Burk, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: August 5, 2009

Catherine L. Kemp
Notary Public for State of Oregon
My Appointment Expires: April 6, 2013

Corporate Acknowledgment

State of Oregon)
) ss
County of Deschutes)



I certify that I know or have satisfactory evidence that Leslie Russell is the person(s) who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Secretary/Treasurer of Water Front Recreation, Inc. to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: Aug 10, 2009

Dorinda M. Vetterick
Notary Public for Oregon
My Appointment Expires: July 2, 2010

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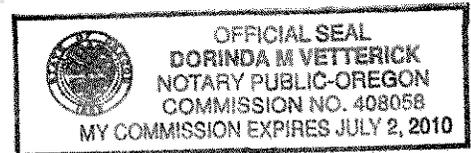


EXHIBIT A

CABIN SITE LEASE

WATER FRONT RECREATION, INC., a Washington corporation, hereinafter called Lessor, in consideration of the rents to be paid and covenants to be performed by Ricky Delores Schultz, hereinafter called Lessee, leases to Lessee the following described cabin site on the terms and conditions stated herein: 1317 Robinswood Ct. 509-664-4015 Wenatchee, WA 98801

Cabin Site number 171 of the North Woods being part of Government Lots 4 and 8, Section 26, Township 7 North, Range 6 East, W.M. Skamania County, Washington. SUBJECT, however to an easement for right of way for access road acquired by the United States of America, United States Forest Service.

SECTION 1. OCCUPANCY

1.01 Term. This Lease is granted for the period beginning July 7, 1993, and terminating on May 31, 2069.

1.02 Master Lease. Lessor holds the above-described premises under a Restated Lease, hereinafter referred to as the "Master Lease," dated February, 1986, from the State of Washington, acting by and through the Department of Natural Resources.

1.03 Master Lease Incorporated. The Master Lease is on file with Lessor and is available for inspection. Lessee's rights hereunder are subject to all the terms, provisions, exceptions and reservations set forth in said Master Lease (as to which Lessee is a sub-lessee) and incorporated herein by reference, including, without limiting the foregoing an easement for right of way for an access road acquired by the United States of America, United States Forest Service and the right of the State of Washington to inspect the premises at reasonable times.

SECTION 2. RENTAL

2.01 Basic Rental. As rental for each lease year, the Lessee shall pay the sum of **Seven Hundred Ninty Four and 84/100 Dollars (\$794.84)**. Rent shall be paid in advance, on the first day of September in each year, hereinafter referred to as the "anniversary date." All payments shall be made to Lessor at 525 NE Greenwood Avenue, Bend, Oregon 97701, or at such other place at which the Lessor may notify the Lessee in writing. Rent for the fraction of any lease year shall be prorated. The lease year shall be from September 1 through the succeeding August.

2.02 Rent Adjustments. Lessor may, as of any anniversary date, increase the annual rental as follows:

(a) Under the Master Lease, Lessor's rental to the State of Washington may be increased on June 1, 1980, and at intervals of not less than ten (10) years thereafter. Lessor may increase Lessee's rental hereunder at such times as Lessor's rental under the Master Lease is increased. The amount of such increase that the Lessee shall be responsible for and required to pay shall equal the total rental increase under the Master Lease to Lessor multiplied by the Lessee's annual rental to the Lessor divided by the total annual rental of the Lessees of the sites in the North Woods. Annual rental as used herein shall mean the total rent the Lessee is required to pay to Lessor for the year immediately preceding the year of the increase. The aforesaid formula is illustrated as follows:

$$\text{Lessee's share of increase} = \frac{\text{Increase under Master Lease to Lessor}}{\text{Total annual rentals of sites}} \times \frac{\text{Lessee's annual rental}}{\text{Total annual rentals of sites}}$$

The formula under the Master Lease for increase of rent will change June 1, 2025 to that described in that certain Settlement Agreement of the Northwoods Litigation on file in case number A80-10-06115 in the Circuit Court of the State of Oregon for the County of Multnomah entitled "George Kaiman et al, Plaintiffs, vs. Robert Cury et al, Defendants".

(b) In addition to the increase permitted under subparagraph (a) above, Lessor may as of any anniversary date increase the annual rental hereunder on account of taxes and assessments against said real property in an amount, which together with prior increases on account of taxes and assessments, shall not exceed the total of the amount by which taxes and assessments on the land covered by the Master Lease exceeds such taxes for 1970, divided by the number of improved cabin sites on said anniversary date.

(c) Finally, beginning September 1, 2000, and every ten years thereafter, the annual rental shall, at the option of the Lessor, be adjusted to reflect the percent of increase from September 1, 1990, in the National Consumer Price Index for All Urban Consumers, or the most comparable index thereto as published by the Bureau of Labor Statistics, U.S. Department of Labor, that is, the annual rental each year for the succeeding ten years shall be increased as compared with the annual rental as set forth herein by the same percentage as the increase in said National Consumer Price Index for all Urban consumers, or the most comparable index thereto, differs from said index for September 1, 1990, provided, however, that the rent after May 31, 2025 shall be determined as set forth in paragraph 10.3 of that certain Settlement Agreement of the Northwoods Litigation on file in case number A80-10-06115 in the Circuit Court of the State of Oregon for the County of Multnomah entitled "George Kalman et al, Plaintiffs, vs. Robert Curry et al, Defendants".

SECTION 3. LESSOR'S COVENANTS

3.01 Declaration. In order to preserve the natural beauty of the North Woods, to provide for the control of structures erected thereon, improvements to be made thereon, and for the purpose of extending to the residents therein the greatest possible peace, enjoyment, privacy, health, comfort, safety, and preservation of property values, Lessor does hereby certify and declare that the following reservations, conditions, covenants, agreements and restrictions shall become and are hereby made a part of all leases of property within the plat of the North Woods as the same appears on the map survey recorded in the office of the County Auditor of Skamania County, Washington.

SECTION 4. USE OF SITE

4.01 Permitted Use. The cabin site shall be used only for residential purposes. No building shall be erected, altered, placed, or permitted to remain on the cabin site other than one detached single family dwelling and buildings incidental to residential use, and the cabin site shall not be further subdivided into building lots.

4.02 Condition of Site. The premises hereby leased have been inspected by Lessee and are accepted in their present condition.

4.03 Vehicles. No vehicles shall be parked in roadways. Vehicles shall not be operated carelessly or in excess of posted speeds. No vehicle shall be operated at anytime without a muffler in good working order. Excessive motor noise or annoying smoke are forbidden.

4.04 Maintenance. All lots shall at all times be kept in a clean, sightly, and wholesome condition and no trash, garbage, litter, junk, boxes, containers bottles, cans, machinery, implements, lumber, or other building materials shall be permitted to be or remain exposed on any lot and visible from any street or adjoining or nearby premise.

4.05 Signs. No signs of any kind shall be displayed to the public view on any lot in the tract except one professional sign, of not more than 18 inches by 24 inches in size, advertising the property for sale or rent, and except signs used by a builder or developer to advertise the property during the construction and sales period.

4.06 Nuisance. No noxious or offensive trade or activity shall be carried on or upon any lot in the tract nor shall anything be done thereon which may be or become an annoyance or nuisance in the area.

4.07 Animals. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any lot, except that cats, dogs, or other household pets may be kept, but not for any commercial purpose. Household pets shall not be allowed to become an annoyance or nuisance to the neighborhood.

4.08 Incineration. Because of unpleasant odors and unsightliness, no individual incinerator will be permitted on any lot.

4.09 Fires and Fireplaces. Interior fireplaces, stoves, or other type burner must be fireproofed by use of sparkproof screens. All fires must be extinguished before leaving cabin. No fires shall be lit or maintained outside of any cabin.

4.10 Firearms and Fireworks. Discharging firearms, firecrackers, rockets or any other fireworks within the North Woods area shall be prohibited.

4.11 Commercial Use. No platted lot shall be used for any commercial purpose, except that Lessee may rent his cabin from time to time, and in such case shall be responsible that his tenants abide by these covenants.

4.12 Motorbikes. No motorbike or motorcycle riding of any nature shall be allowed except for ingress and egress.

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

4.14 Trailers and Tents. No tent, house trailer, or mobile home, whether the same be on wheels or not, shall be permitted on any lot except during the period of cabin construction and for guests over a weekend period.

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

4.16 Hose Bibs. One hose bib shall be installed on outside wall of each cabin for fire protection on or before completion.

4.17 Miscellaneous Prohibitions. Electric generators (except for occasional daytime use), garbage disposals, and clothes washers are strictly prohibited.

SECTION 5. IMPROVEMENTS

5.01 Plans approved. No building shall be erected, placed, or altered on the cabin site until the construction plans showing the location of the structure have been approved by the Lessor as to conformity with plan of development, quality of workmanship and materials, harmony of external design and color with existing structures, and as to location with respect to topography and finish grade elevation. Such approval shall be in writing.

5.02 Building Materials. All building construction shall be of log or wood frame. Wood frame stucco or simulated brick veneer construction is expressly prohibited. All roofs shall be of wood shingle or shake, or of an acceptable composition - color to be approved prior to application by the Lessor or such person or persons designated by Lessor.

5.03 Completion. Cabins must be completed from all outward appearance within one (1) year from the time such construction is started. Cabin construction must be started within three years from the date of the signing of Cabin Site Lease.

5.04 Tree Removal. The Lessee of each cabin site may remove from said site all trees, shrubs, and foliage necessary to prepare the property for building subject to the following conditions:

As required by the State of Washington in the Master Lease, any tree whose diameter is over 8" at chest height must be marked by Lessee for Lessor's inspection. Lessor will then notify the Washington State Department of Natural

Resources and request their standard appraisal of value. Lessee will then pay Lessor for the value of the tree before removal. Any additional clearing beyond that necessary for the construction improvements shall be prohibited. The intent is to remove as few trees as possible to the end that the community remain natural and rustic.

5.05 Lot Markers. Lessee will use all reasonable care to make certain that the lot markers, as established by Lessor, are not moved or destroyed.

5.06 Improvements Other Than On Cabin Site. No improvements of any kind shall be constructed or placed upon any area covered by the Master Lease without Lessor's prior written consent.

5.07 Ownership of Improvements. The Master Lease provides as follows:

8.04 Ownership of Sub-lessee Improvements. All buildings and improvements, excluding removable personal property and trade fixtures on the leased site [North Woods] erected by Sub-lessee [Lessee herein] will remain on said site after expiration of this lease [Master Lease] or termination prior to the term of this lease [Master Lease] of any sub-lease [this lease] held by the State under the provisions of paragraph 5.09; provided, however, upon the expiration of the lease [Master Lease], if the State is unsuccessful in re-leasing the leased site [North Woods], as a unit, then each sub-lessee [Lessee herein] shall have a preferential right as allowed by law to re-lease from the State its sub-leased area; provided, further, upon the termination or expiration of this lease [Master Lease] or a sub-lease [this lease] assigned under paragraph 5.09 that as a condition of any re-lease of the leased site or sub-leased site to any other party made during the three year period following the State shall require the subsequent Lessee to purchase the Sub-lessee's [Lessee herein] interest in the improvements as allowed by law. Expiration, as used in this paragraph, shall mean the expiration of the lease as of May 31, 2069.

The parties hereto agree that the terms and conditions of the above quoted paragraph shall be applicable provided:

- (a) That Lessee is not in default under any of the terms and conditions of this lease; and
- (b) That Lessee's lease expires May 31, 2069. In the event of earlier expiration of this lease, all buildings and improvements located upon the premises shall be the property of Lessor.

The parties hereto further agree that the benefits of paragraph 8.04 of the Master Lease shall be enforceable solely against the State of Washington.

5.08 Taxes and Assessments. The Lessee shall pay in annual payments all taxes and assessments that are now charged or may become chargeable against the improvements placed upon the cabin site, now or in the future, commencing with the taxes first becoming due and payable after the date hereof, all before such taxes and assessments become past due.

5.09 North Woods Association. The roads in the plat and certain other common areas shall be held in the name of the North Woods Association, a non-profit association, of which the Lessees of lots in the plat shall be members. Said Association shall be responsible for the maintenance and repair of roads, the entire water system including but not limited to water systems serving the cabins on the premises, docks and common areas and improvements thereon (if any), as well as other community functions which may be given it by its members. The owners (Lessees) of lots in the tract shall be required to pay dues of not less than one and one-half dollars (1-1/2) per month and assessments to said Association for their reasonable share of the costs of the functions and duties of the Association.

SECTION 6. UTILITIES

6.01 Sewage. Individual sewage disposal systems installed by Lessee must be designed, located, and constructed in accordance with the regulations, laws and ordinances of Skamania County and the State of Washington.

6.02 Reservation. Lessor reserves to itself and to its successors and assigns easements in, under, and along all roads and other common areas in the plat for any utilities whether presently installed or not. In addition, an easement is reserved in an area five (5) feet by ten (10) feet in one corner of each lot (to be selected by Lessor) adjoining the road, for electric transformer vault and/or telephone and power service pedestals if any. And the assignment of the lease as to each individual lot shall be subject to the right to cross over or under the same along the lot lines, with utility lines if such may be necessary in the development of this subdivision or adjoining subdivisions.

6.03 Water. Each cabin site has or will be furnished water at or near the lot line. Each lessee agrees to receive water from the water system supplying the North Woods and further agrees to pay Lessor \$225.00 for the right to connect to said system.

6.04 Maintenance. The lessee shall bear the responsibility and expense of furnishing, installing, backfilling, and maintaining each underground trench or other digging upon such cabin site which is necessary for any utility connections or facilities to serve such cabin site.

SECTION 7. MISCELLANEOUS

7.01 Lessee's Duties. Lessee agrees to comply strictly with the Lessor's rules and regulations and all applicable Federal, State, County, and Municipal laws, rules and regulations relating to all activities contemplated under this lease, including but not limited to, use of public or private roads, parking, fire and prevention of fire, public health, and pollution of streams or lakes, and to assume all obligations thereby imposed upon the Lessor. Lessor may inspect the cabin site and cabin at any time to determine compliance with the terms of this lease.

7.02 Indemnification. Lessee hereby agrees to assume all risk of, and indemnify and hold harmless, and at the Lessee's expense, defend the Lessor from and against, any claims, loss, costs, legal actions, liability or expense on or damage to or destruction of property to whomsoever belonging, including but not limited to, employees of the Lessor, or damage to or destruction of property to whomsoever belonging, including but not limited to property of the Lessor which might result from Lessee's activities on the leased premises. The Lessee further agrees to indemnify and save harmless the Lessor from any loss, costs, suit or expense resulting from Lessee's failure to comply with any of the provisions of any applicable laws, rules or regulations.

7.03 Insurance. Lessee shall obtain fire, casualty and liability insurance as follows:

(a) Fire and casualty insurance in a sufficient amount to cover the replacement cost of any or all improvements upon the lease premises. Such insurance shall be carried by a responsible company or companies satisfactory to Lessor and the policy or policies shall be endorsed and delivered to Lessor with provision for thirty (30) days' notice of cancellation to Lessor.

(b) Liability and property insurance insuring Lessor and Lessee against all liability for damages to persons or property caused by the maintenance, use or occupancy of the leased premises or by reason of the conduct of any activity carried on therein. Such insurance shall be carried by a responsible company or companies satisfactory to Lessor in amounts not less than the following limits, namely:

- (1) Bodily injury to or death of any one person, \$50,000.00;
- (2) Bodily injury or death resulting from any one accident to two or more persons, \$50,000.00; and
- (3) Property damage, \$50,000.

Lessee shall deliver to Lessor certificates and receipts evidencing said policies of insurance and further provide

with the company or companies for thirty (30) days' notice of cancellation to Lessor.

7.04 Assignment. Without the prior written consent of Lessor, Lessee shall not assign this lease or any interest therein, or sublet, and no heir, executor, administrator, receiver, trustee in bankruptcy or other assignee by operation of law shall assign or sublease without such written consent.

7.05 Waiver. Any waiver by the Lessor of any provisions hereof must be in writing, and any of the covenants, conditions, restrictions, in this lease may be annulled, waived, changed, or modified with respect to all or any portion of said property by Lessor at any time.

7.06 Attorneys' Fees. In the event any action, suit, proceeding or appeal therefrom is brought to collect the rent due or to become due hereunder or any portion thereof, or to get possession of said premises, or to enforce compliance with this lease, or for failure to observe any of the covenants of this lease, the prevailing party shall be entitled to recover such sum as the Court may adjudge reasonable as attorneys' fees to be allowed in said suit, action, proceeding or appeal therefrom in addition to such other relief granted by the Court.

7.07 Condemnation. The parties hereto shall receive any sums or damages paid or awarded by reason of any taking, condemnation or acquisition during the existence of this lease as their interests therein shall then appear, whether or not by litigation, by any authority, person or corporation, whether public or private, of any title to or interest in all or any part of the premises.

7.08 Reservoir Level. The Lessee acknowledges by signing this lease that Pacific Power and Light Company has the right to fluctuate the waters of Swift Reservoir at any time within the provision of Federal Power Commission License No. 2111 or as amended. The Lessee shall waive all claims or damage and shall indemnify Pacific Power and Light Company, the State of Washington, Lessor or their successors, if any, against any claim of damage arising from fluctuation in reservoir level or impairment of recreational use of the reservoir or shoreside or floating facilities.

7.09 Validity of Provisions. The determination of any Court that any provisions of this lease are unlawful or void shall not affect the validity of any other provision hereof.

7.10 Enforcement of Restrictions. Without in any way limiting the rights of Lessor, if the parties upon whom the provisions hereof are binding, or any of them, shall violate or attempt to violate any of the reservations, restrictions or covenants hereof, the Lessor or any lessee of land in the tract, shall have the right to compel performance of or compliance with the provisions hereof, to abate and remove, at the expense of the offending lessee or lessees of the property, any structures or erections in violation of the provisions hereof, to recover damages for any such violation or attempted violation of the provisions hereof and to prosecute any proceedings at law or in equity in furtherance of the aforesaid remedies in any Court having jurisdiction of such cases.

7.11 Reservations on Land. All of the reservations, conditions, covenants, agreements and restrictions shall run with the land and shall be binding on the lessees of all property covered hereby and all parties and persons claiming under them and on all property within the tract.

7.12 Assignment. Without limiting Lessor's right to sell or assign this lease or land, Lessor may assign this lease to a corporation, and if said corporation assumes the obligations of Lessor hereunder, Lessor shall thereby be released and relieved from any and all obligations under this lease.

SECTION 8. TERMINATION

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

default. Service of any notice provided for herein by the Lessor may be made by depositing such notice in the United States mails addressed to the Lessee at Lessee's address shown above, if any, or at any address shown on Lessor's records as one at which Lessee has received or may receive mail.

8.02 Master Lease Termination. It is expressly understood that Lessor has leased the premises from the State of Washington for a period ending June 1, 2069. The Master Lease provides that in the event it is terminated for any reason whatsoever, prior to the lease termination date, such termination shall operate as an assignment to the State of Washington of this lease together with the unrestricted right of the State to receive payment of the rents herein provided from the date of said assignment.

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

8.03 Easements. As shown on the plat of "The North Woods", 20 feet easements are reserved to the Lessor and its assigns on the water front portions of Lots 16, 17, 18, 19, 20, 21, 22, and 23 for purposes of community boat docks. Said easements shall not prevent lessees of the above lots from developing their own shoreside docks providing such facilities do not interfere with the boat traffic pattern of the community dock system.

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

IN WITNESS WHEREOF, the parties have executed this lease in duplicate, this 2nd day of July, 1993

WATER FRONT RECREATION, INC.

By: Robert T. Cury
President

LESSOR

Ricky M. Schulz
Delores M. Schulz
LESSEE(S)

STATE OF Oregon)
County of Deschutes) SS:

This instrument was acknowledged before me on 7th July, 1993 by Robert T. Cury

Sherrilyn Haskett
Notary Public for Oregon, Deschutes County
My Commission Expires: April 27, 1997

RICKY M. SHULZ AND DELORES M. SCHULZ, APPEARED BEFORE ME THIS 2nd DAY OF JULY, 1993.

NOTARY PUBLIC, RESIDING IN CHELAN COUNTY, WENATCHEE, WA.