

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

Leslie Russell  
Water Front Recreation Inc  
PO Box 7139  
Bend OR 97708

Space Above for Recorder's Use

**CONSENT TO ENCUMBRANCE OF LEASEHOLD INTEREST**

This Consent to Encumbrance of Leasehold Interest ("Consent to Encumbrance"), dated as of July 27, 2010 is entered into by and among **PHIL S. SMITH AND DEBBIE S. SMITH, TRUSTEES OF THE SMITH LIVING TRUST DATED 7/29/1996**, as lessee ("Lessee"), **WATER FRONT RECREATION, INC.**, a Washington corporation, as lessor ("Lessor"), and **GARY LANDERS AND KELLIE LANDERS, husband and wife**, ("Lender") with respect to the following:

**Recitals**

A. Lessor and Lessee entered into a Cabin Site Lease for Cabin Site 32 dated September 1, 1976, which was recorded as an Exhibit A attachment on May 21, 1997, in Skamania County, Washington Records at Book 165, Page 487, ("Lease"), by document entitled "Assignment, Assumption, Consent and Amendment of Lease", dated May 3, 2010, recorded in Skamania County, Washington Records as document # 2010176090 pertaining to the lease of real property (herein referred to as "Leased Property") and legally described as:

**FOR LEGAL DESCRIPTION SEE EXHIBIT "A"**

Abbreviated Legal: Lot 32 Northwoods

Tax Parcel Number(s): 9600003200000

B. Lessee wishes to encumber Lessee's leasehold interest in the Leased Property by assignment for security purposes of Lease in the form of a trust deed ("Leasehold Encumbrance") in favor of Lender to secure Lessee's obligations under a loan agreement, which Leasehold Encumbrance is being recorded concurrently with this Consent to Encumbrance in the official records of Skamania County.

C. The Lease prohibits assignment without prior consent of the Lessor. Lessor is willing to consent to the Leasehold Encumbrance subject to the terms and conditions of this Consent to Encumbrance.

### Agreement

NOW, THEREFORE, the parties hereto agree as follows:

1. Consent to Encumbrance. Lessor hereby consents to the Leasehold Encumbrance, provided however, and upon the express condition, that neither such consent nor the collection of rent from the Lender shall be deemed a waiver or relinquishment for the future of the covenant against assignment or subletting and such conditional acceptance of the Lender as Lessee shall not be deemed a release or waiver from any further performance of the provisions of the Lease from and after the effective date of any assignment.

2. Assignment of the Lease Becoming Absolute. Lessor hereby further agrees that upon default by Lessee under the Leasehold Encumbrance to Lender, Lessor agrees to assignment by Lessee of all Lessee's leasehold interest in the Property becoming absolute to Lender upon

2.1 written notice to Lessor;

2.2 the cure of all defaults under the Lease, if any;

2.3 payment of any and all legal fees and costs incurred by Lessor related to such Lease defaults;

2.4 extinguishment by Lender of any interests of Lessee in the Cabin and Leased Property by appropriate legal actions or proceedings; and

2.5 written agreement to fulfill and assume Lessee's obligations under the lease by Lender, subject to the terms and conditions of the Lease, in form approved by Lessor.

This consent shall not be deemed a waiver for the future of the covenant against further assignment or subletting of the Lease without consent of Lessor. Any subsequent transfer of the Leasehold may be made only with such written consent of Lessor and subject to the conditions relating to such transfer as are set forth in the Lease.

3. Time for Notice. Any notice to Lender under Section 5 may be given concurrently with the notice of default to Lessee, as provided in the Lease.

4. Lender's Right to Cure. Lessor may not terminate the Lease because of any default or breach under the Lease on the part of Lessee if Lender (within fifteen (15) days as to any default curable solely by the payment of money, or thirty (30) days as to any default not curable solely by the payment of money) after Lessor's written notice to Lender of Lessor's intention to so terminate:

4.1 cures the default or breach within the time provided above; and

4.2 keeps and performs all of the covenants and conditions of the Lease including those requiring the payment of money by Lessee.

Lender's right to possession and quiet enjoyment of the Leasehold shall be subject to payment of all unpaid obligations owing to Lessor and full and faithful performance of all terms and conditions under the Lease by Lender.

5. Notices. All Notices hereunder shall be in writing and deemed given (a) when delivered personally, (b) three (3) days after the date the Notice is deposited in the U.S. mail, by registered or certified mail, return receipt requested, postage prepaid, (c) on the day the Notice is sent by electronic transmission, with receipt mechanically confirmed, or (d) one (1) day after the date the Notice is deposited for next day overnight delivery with a nationally recognized overnight courier service, addressed and/or sent by electronic transmission, as the case may be, as follows:

If to Lessor to: Water Front Recreation, Inc.  
P.O. Box 7139  
Bend, OR 97708-7139  
  
Attention: Leslie M. Russell  
President  
Fax: (541) 389-2793  
Email: waterfrontrecreation@ykw.net

If to Lessee to: Phil S. Smith and Debbie S. Smith,  
Trustees of the Smith Living Trust  
dated 7/29/1996  
24025 Wallace Road NW  
Salem, OR 97304

If to Lender to: Gary Landers and Kellie Landers  
15691 Trapper Point Road  
Sisters, OR 97759

Or to any other address as the parties may from time to time designate by a Notice in writing to the other parties.

6. Successors and Assigns. The terms of this Consent to Encumbrance shall inure to the benefit of and be binding upon the parties, their successors and permitted assigns.

7. Effect of this Consent to Encumbrance. Except as provided in this Consent to Encumbrance, the Lease shall remain in full force and effect as originally written. The Leased Property is subject to a Master Lease with the State of Washington and all parties hereto agree that the terms of the Master Lease shall govern any inconsistent or conflicting provisions in this Consent to Encumbrance and all leases and assignments of lease are subject to the terms of the Master Lease.

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

9. Recitals. The recitals are true and correct and are a part of this Agreement.

Lessor:

Water Front Recreation, Inc.

By: Leslie M Russell  
Leslie M. Russell, President  
7-28-2010

Lessee:

Smith Living Trust dated 7/29/1996

By: \_\_\_\_\_  
Phil S. Smith, Trustee

By: \_\_\_\_\_  
Debbie S. Smith, Trustee

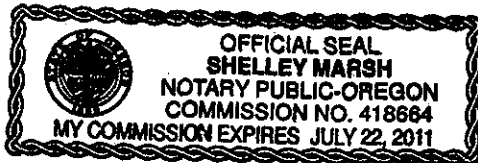
Lender:

Gary Landers  
Gary Landers  
Kellie Landers  
Kellie Landers

STATE OF Oregon )  
County of Deschutes ) ss.

I certify that I know or have satisfactory evidence that Leslie M. Russell is the person 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 President of Water Front Recreation, Inc. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: July 28, 2010



Shelley Marsh  
(Signature)  
Notary Public for Oregon  
Title  
My Appointment Expires: 07-22-11

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

9. Recitals. The recitals are true and correct and are a part of this Agreement.

Lessor:

Water Front Recreation, Inc.

By: \_\_\_\_\_  
Leslie M. Russell, President

Lessee:

Smith Living Trust dated 7/29/1996

By: \_\_\_\_\_  
Phil S. Smith, Trustee

By: \_\_\_\_\_  
Debbie S. Smith, Trustee

Lender:

\_\_\_\_\_  
Gary Landers

\_\_\_\_\_  
Kellie Landers

STATE OF \_\_\_\_\_ )  
County of \_\_\_\_\_ ) ss.

I certify that I know or have satisfactory evidence that Leslie M. Russell is the person 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 President of Water Front Recreation, Inc. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: \_\_\_\_\_, 2010

\_\_\_\_\_  
(Signature)

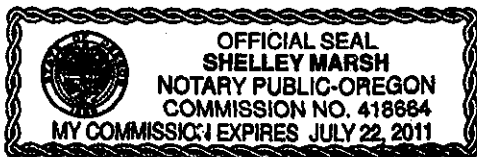
\_\_\_\_\_  
Title

My Appointment Expires: \_\_\_\_\_

STATE OF Oregon )  
 County of Deschutes ) ss.

I certify that I know or have satisfactory evidence that Gary Landers 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 the instrument.

Dated: July 29, 2010

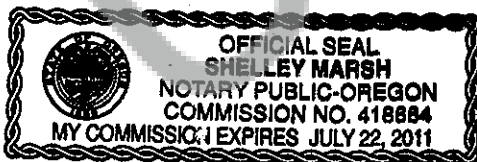


Shelley Marsh  
 (Signature)  
Notary Public  
 Title  
 My Appointment Expires: 07-22-11

STATE OF Oregon )  
 County of Deschutes ) ss.

I certify that I know or have satisfactory evidence that Kellie Landers 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 the instrument.

Dated: July 29, 2010



Shelley Marsh  
 (Signature)  
Notary Public  
 Title  
 My Appointment Expires: 07-22-11

STATE OF Oregon )  
 County of Yamhill ) ss.

I certify that I know or have satisfactory evidence that Phil S. Smith and Debbie S. Smith are the persons who appeared before me, and said persons acknowledged that they signed this instrument, on oath stated that they are authorized to execute this instrument and acknowledge it as the Trustees of The Smith Living Trust dated July 29, 1996 to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Given under my hand and official seal this 27th day of July, 2010.



L. Harkless  
 Notary Signature  
L. Harkless  
 Printed Name  
 Notary Public in and for the State of Oregon  
 My Appointment Expires: 1/5/12

Exhibit A

A leasehold in the following described property created by Cabin Site Lease between Waterfront Recreation, Inc. as Lessor to Leland W. Irwin and Winnifred Irwin as Lessee, including the terms and provisions thereof, recorded May 21, 1997, in Book 165, Page 487 and subsequently assigned by mesne assignments the last of which dated May 3, 2010 and recorded 8-3-2010, 2010, in Skamania County, Washington records as Auditor's File No. 2010176090 was to Phil S. Smith and Debbie S. Smith, Trustees of the Smith Living Trust Dated 7/29/1996.

Lot 32, as shown on the Plat entitled Record of Survey for Water Front Recreation Inc, dated May 16, 1974, on file and of record under Auditor File No. 73635, at Page 306 of Book "J" of Miscellaneous Records of Skamania County, Washington, together with an appurtenant easement as established in writing on said Plat, for the joint use of the areas shown as roadway on the Plat. Subject to reservations by the United States of America in approved selection list number 259 dated March 4, 1953, and recorded September 4, 1953, at Page 23 of Book 52 of Deed, under Auditor File No. 62114, records of Skamania County as follows:

"...the provisions, reservations, conditions and limitations of Section 24, Federal Power Act of June 10, 1920, as amended...and the prior right of the United States, its licenses and permittees to use for power purposes that part within Power Project No. 2071, 2111 and 264."