

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Water Front Recreation, Inc.
P O Box 7139
Bend, OR 97708

Space Above for Recorder's Use

CONSENT TO ASSUMPTION OF LEASE BY LENDER

9 This Consent to Assumption of Lease by Lender ("Consent Agreement"), dated as of March 2016 is entered into by and between WATERFRONT RECREATION, INC., a Washington corporation, ("Lessor"), and Ditech Financial LLC fka Green Tree Servicing, LLC, successor-in-interest to Mortgage Electronic Registration Systems, Inc., as Nominee for Eagle Home Mortgage Inc. dba Majestic Mortgage SVS, a Delaware Limited Liability Company, ("Lender") with respect to the following:

Recitals

A. Lessor and Tami Bergeson as lessee ("Lessee") entered into a Cabin Site Lease for Cabin Site 84 by document entitled "Assignment, Assumption and Consent", dated July 13, 2004, recorded in Skamania County, Washington Records as document # 2004154254 ("Lease"), pertaining to the lease of real property (herein referred to as "Leased Property") and legally described as:

LOT 84, AS SHOWN ON THE PLAT AND SURVEY ENTITLED RECORD OF SURVEY FOR WATER FRONT RECREATION, INC., DATED MAY 16, 1974, ON FILE AND OF RECORD UNDER AUDITORS FILE NO. 77523, AT PAGE 449 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 ROADWAYS 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 DEEDS, UNDER AUDITOR FILE NO. 62114, RECORDS OF SKAMANIA COUNTY AS FOLLOWS: "... THE PROVISIONS, RESERVATION, CONDITIONS AND LIMITATIONS OF SECTION 24, FEDERAL POWER ACT OF JUNE 10, 1920, AS AMENDED AND PRIOR RIGHT OF THE UNITED STATES, ITS LICENSEES AND PERMITTEES TO USE FOR POWER PURPOSES THAT PART WITHIN POWER PROJECTS NO. 2071, 2111, AND 264."

And more commonly known as: **LOT 84 NORTHWOODS, COUGAR, WA 98616**

B. Without consent of Lessor as required by the terms of the Lease, Lessee encumbered 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 was recorded in the official records of Skamania County on August 30, 2004 as fee no.2004154255.

C. The Lease prohibits assignment without prior consent of the Lessor. Lessor is willing to consent to the assumption of the Lease by Lender subject to the terms and conditions of this Consent Agreement.

D. Lessee is currently in default under the terms of the Lease and the Leasehold Encumbrance.

|

Unofficial
Copy

Agreement

NOW, THEREFORE, the parties hereto agree as follows:

1. Consent. Lessor hereby consents to the assumption of the Lease by Lender, provided however, and upon the express conditions that Lender:

1.1 Upon execution of this Agreement, cure all defaults under the Lease, including without limitation, payment of all past due rent, taxes, Northwoods Association dues, fees and assessments and legal fees and costs incurred by Lessor related to Lessee's default under the Lease;

1.2 Extinguish any interests of Lessee in the Cabin and Leased Property by appropriate legal actions or proceedings. Lender expressly agrees that any judicial or non-judicial foreclosure brought or pending against the Cabin and Leased Property: (a) only extinguishes the Lessee's rights to the property; (b) in no way affects the validity or enforceability of the Cabin Lease, the Master Lease or the Lessor's rights or interest in the Cabin and Leased Property; and (3) notwithstanding the foreclosure sale, Lender takes the Cabin and Leased Property subject to Lessor's interest(s) therein and the Lease and the Master Lease, which remain in full force and effect; and

1.3 Assume and fulfill all obligations under the Lease as lessee in accordance with its terms and conditions.

3. Non-waiver; Subsequent Transfers. This consent shall not be deemed a waiver for the future of the covenant against further assignment or subletting without consent of Lessor. Any subsequent transfer of the Lease may be made by Lender only with written consent of the Lessor and subject to the conditions relating to such transfer as are set forth in the Lease and transfer approval requirements of Lessor.

4 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
Fax: (541) 389-2793
Email: waterfrontrecreation@ykw.net

With a copy to:

Sussman Shank LLP
1000 SW Broadway, Suite 1400
Portland, OR 97205

Attention: Harry M. Hanna
Fax: (503) 248-0130
Email: harry@sussmanshank.com

If to Lender to:

Ditech Financial LLC
7360 S. Kyrene Road
Tempe, AZ 85283

Attention: Ashley Gomez

Fax: (480) 333-6457

Email: ashley.gomez@ditech.com

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

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

6. Effect of this Consent to Agreement. Except as provided in this Consent Agreement, the Lease shall remain in full force and effect as originally written. The Lease 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 Agreement and the Lease and assignments of Lease are subject to the terms of the Master Lease. Lessor acknowledges that the maturity date of the Lease was extended from June 1, 2025 to June 1, 2069 pursuant to section 10.3 of the North Woods Settlement Agreement dated May 24, 1984 and approved by judgment in Oregon Circuit Court case A80-10-06115 dated September 27, 1987.

7. 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.

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

Lessor:

Lender:

Water Front Recreation, Inc.

Ditech Financial LLC FKA Green Tree Servicing LLC

Ashley Gomez 3/21/14

By:

Leslie M. Russell, President
Leslie M. Russell, President

President

Ashley Gomez
President

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

State of California

County of

San Mateo

On April 11th, 16

before me,

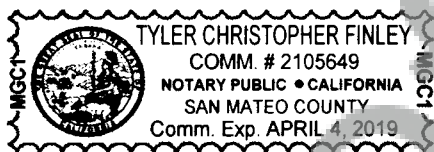
Tyler Finley

Notary Public

personally appeared

Leslie Marie Russell

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent attachment removal and reattachment to the form of another document.

Description of Attached Document

Title or Type of Document

Document Date

Number of Pages

Signer(s) Other Than Named Above

Capacity(ies) Claimed by Signer(s)

Signer's Name

Corporate Officer -- Title(s)

Individual

Partner -- Limited General

Attorney in Fact

Trustee

Guardian or Conservator

Other

Signer Is Representing

**RIGHT THUMBPRINT
OF SIGNER**

Top of thumb (flesh)

Signer's Name

Corporate Officer -- Title(s)

Individual

Partner -- Limited General

Attorney in Fact

Trustee

Guardian or Conservator

Other

Signer Is Representing

**RIGHT THUMBPRINT
OF SIGNER**

Top of thumb (flesh)

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 A. W. C. Mary Simonetti hereinafter called Lessee, leases to Lessee the following described cabin site on the terms and conditions stated herein:

Cabin site number 24 of the North Woods as shown in red on Exhibit "A" attached hereto (all distances being approximations), being part of Government Lots 4 and 8, Section 26, Township 7 North, Range 6 East, W.M., Skamania County, Washington, SUBJECT, however to an easement for right of way for access road acquired by the United States of America, United States Forest Service.

SECTION 1. OCCUPANCY

1.01 Term. This Lease is granted for the period beginning August 1, 1970 and terminating on June 1, 2025, unless sooner terminated as hereinafter provided.

1.02 Master Lease. Lessor holds the above described premises under a lease, hereinafter referred to as the "master lease," dated August 11, 1970, 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 FOUR HUNDRED Twenty-five Dollars (\$ 425.00). 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 9655 S.W. Canyon Road, Portland, Oregon, 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:

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

(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, every ten years beginning September 1, 1980, the annual rental shall, at the option of the Lessor, be adjusted to reflect the percent of increase from September 1, 1970, in the Consumer Price Index 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 Consumer Price Index differs from said Index for September 1, 1970.

SECTION 3. LESSOR'S CONVENANTS

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 with the sole exception of lot 19, which is the North Woods Sales Office, 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.

3.02 Boat Dock. Lessor shall construct a boat dock for the common use of residents of the North Woods. In the event construction of said boat dock is not completed by September 1, 1972, it is hereby agreed that in lieu of such construction, Lessor shall contribute \$5,000.00 to the North Woods Association, hereinafter described in paragraph 5.09, for construction of such dock.

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 any time 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.

CABIN SITE LEASE continued

SECTION 5. IMPROVEMENTS continued

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 a 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 of the cabin.

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 of 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 release 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, 2025."

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, 2025. 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 (\$1.50) per month and assessments to said Association for their reasonable share of the costs of the functions and duties of the Association. Said dues shall commence at the time 50 lots are leased. It is understood and agreed that Lessor shall and it is hereby delegated to fulfill all duties, responsibilities and functions of the North Woods Association until fifty (50) lots in the North Woods are leased. At that time Lessor shall call a meeting of all Lessees for the purpose of forming said Association.

CABIN SITE LEASE continued

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, without 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 _____.

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, 2025. 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.

8.03 Failure to Provide Property Report. Lessee shall have the option to void this lease if he does not receive a property report prepared pursuant to the rules and regulations of the U.S. Department of Housing and Urban Development, in advance of, or at the time of, his signing the lease, and Lessee shall have the right to revoke this lease within 48 hours after signing the lease if he did not receive the property report at least 48 hours before signing the lease. However, this option to void the lease shall not apply where Lessee has received the property report and inspected the lot or lots to be leased in advance of signing the lease and acknowledges by his signature that he has made such inspection and has read and understands such report.

Lessee shall have the option to void this lease if he does not receive a property report prepared pursuant to rules and regulations of the Oregon Subdivision Control Law ORS 92.210 - 92.990 in advance of his signing this lease.

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 person hereunder shall be joint and several.

8.04 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 lessors of the above lots from developing their own shoreline 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 26 day of

1971

WATER FRONT RECREATION, INC.

By _____
President

By _____
Secretary

LESSOR

LESSEE

I (we) hereby acknowledge that prior to the signing of this lease, I (we) have received, read, and understand the PROPERTY REPORT prepared pursuant to the rules and regulations of the U.S. Department of Housing and Urban Development (office of Interstate Land Sales Registrations) and the PROPERTY REPORT prepared pursuant to rules and regulations of the Oregon Subdivision Control Law ORS 92.210 - 92.990. I (we) also acknowledge that I (we) have inspected the lot to be leased.

LESSEE

102041

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STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
BRIAN J. BOYLE, Commissioner of Public Lands
Olympia, Washington 98504

Lease No. 58985

THIS RESTATED LEASE supersedes the original Lease No. 58385, dated August 11, 1970 and all subsequent amendments thereto (dated February 10, 1972; September 17, 1973; and August 30, 1977) and is entered into pursuant to the terms of the North Woods Settlement Agreement dated May 24, 1984. The STATE OF WASHINGTON, acting by and through the Department of Natural Resources, (hereinafter called the State) and WATER FRONT RECREATION, INC., a Washington Corporation, (hereinafter called the Lessee): The State leases to the Lessee the following described school land in Skamania County, Washington, on the terms and conditions stated herein, to wit:

Government Lots 4 and 8, Section 26, Township 7 North, Range 6 East, W.M., having an area of 88.40 acres, more or less.

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 originally commenced on June 1, 1970 and shall extend to May 31, 2069.

1.02 Renewal. The Lessee shall have the right to the extent provided by law, to apply for a renewal of the site.

SECTION 2 USE OF SITE

2.01 Permitted Use. The site shall only be used for the purposes stated in the Lessee's bid, unless the Lessee first obtains written permission from the State to amend the development plan to use the site for other purposes.

SECTION 3 RENTAL

3.01 Rental. The Lessee shall pay to the State at the Department of Natural Resources, Olympia, Washington 98504 annually in advance \$15,680.00 commencing September 15, 1985. The State acknowledges that Lessee has paid all rents due for the use of the premises until September 15, 1985 except for those sums which may be calculated or become due pursuant to Sections 3.03 and 21 of the North Woods Settlement Agreement (dated May 24, 1984).

3.015 Annual Rental Adjustment. The State agrees not to charge rent otherwise due under Sections 3.01, 3.02, and 3.03 for the time overnight use of the property is denied by government action based upon another actual or potential eruption of Mount St. Helens (after May 18, 1982) when such overnight use is prevented for at least thirty (30) consecutive days. Any such rental reduction shall be calculated on a prorated basis (i.e.: number of days access denied divided by 365).

RECEIVED
OCT 22 2 24 PM '86
GARY L. JON

REAL ESTATE EXCISE TAX
001251986

PAID 1.24
OCT 22 1986
SKAMANIA COUNTY TAX ADJUST

BOOK 103 PAGE 21

3.02 Reappraisal. On June 1, 1980, and at intervals of not less than ten years thereafter for the period of June 1, 1980 to June 1, 2024, a new annual rental will be established. The new rental will be the Fair Market Rental Value of the leased land, exclusive of the Lessee's improvements, as determined by the State's appraiser. In determining Fair Market Rental Value the appraiser will consider any tax benefits afforded the land and improvements accruing to the Lessee by reason of leasing State land in comparison to leasing privately owned land, and adjust the rental to eliminate any tax advantage. The land shall be appraised within six months of a rental adjustment period, provided that in the event such reappraisals should be cause for an increase in the annual rental, such increase shall not be greater than 40% of the annual rental as established for the preceding ten year rental period. However, in no event will the adjusted annual rental be less than \$11,200.00.

The annual rental payable in advance September 15, 2025 and each succeeding year thereafter to the end of the lease term under Section 3.01 shall be based upon the full Fair Market Rental Value of the leased land, exclusive of any improvement of the Lessee or Sub-lessee. Such full Fair Market Rental Value shall be determined by the State's appraiser and shall be binding unless disputed by the Lessee. The annual rental shall be adjusted as of June 1, 2025 and at five year intervals thereafter. There shall be no limitation (40% or otherwise) upon any increase or decrease in rent needed to achieve full Fair Market Rental Value of the leased lands as compared to any prior annual rental.

In the event that agreement cannot be reached between the State and the Lessee on the Fair Market Rental Value of the land, such valuation shall be submitted to arbitration. The arbitration shall be as follows: One arbitrator to be selected by the Lessee and his expenses shall be borne by the Lessee, one arbitrator selected by the State and his expenses shall be borne by the State; these arbitrators so selected shall mutually select a third arbitrator and his expenses shall be shared equally by the Lessee and the State. The majority decision of these arbitrators shall be binding on both parties. Provided that in the event of arbitration, the Lessee shall pay, in advance, the amount established for the preceding year's rental; and, if additional rental is required as a result of arbitration, such money shall be due and payable within ten days after arbitration. If a refund should be due, it shall be returned by the State within ten days after arbitration.

3.03 Percentage Rental From Subleases. In addition to the annual rental, the Lessee will pay to the State as additional rental an amount equal to 10% of the gross receipts from subleases and 5% of the gross receipts from concessions. Any increase in a sublease rental which results from the reappraisal provided herein, as noted in Section 3.02, will not be considered in determining the additional rental based on the 10% of gross receipts from the sublease.

3.04 Definition of Gross Receipts From Concession. "Gross receipts" shall mean the amount paid or payable for all goods, wares, merchandise, personal property, and services by the Lessee or others, including credit transactions. Where goods, wares, merchandise, personal property, and services are exchanged or bartered, gross receipts shall mean the reasonable value thereof. Sales or services rendered by the Lessee or others directly or indirectly from any other premises because of orders originating in or arising out of business transacted on the leased premises are included. Amounts not collected on credit sales are included. State business and occupation taxes on any activity or business operated on the premises and State sales taxes are excluded. Notwithstanding the foregoing, gross receipts exclude, among other things, profits, commissions and rents on the building, sale or leasing of cabins.

3.05 Yearly Payments. Payments of percentage rent shall commence on September 15, 1978 and be made annually thereafter (except for percentage rents for prior periods calculated pursuant to Section 5.3 of the North Woods Settlement Agreement dated May 24, 1984). Delinquent percentage rental shall draw interest at the rate of 12 per month. Payment shall be made to the State at the Department of Natural Resources, Olympia, Washington 98504.

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3.06 Records. The Lessee shall install and maintain at a location reasonably accessible to the State an accounting system wherein appear clear, complete, and detailed records of all business of every kind and character affecting gross receipts, whether by the Lessee or others. The State shall at all reasonable times have access to any and all of the Lessee's books, records, files and State and Federal tax and contribution returns of all kinds for the purpose of examining and copying them. Examination and copying shall only be utilized for the purpose of determining whether or not the Lessee has performed this lease in all respects. In order to assure accurate percentage payments that are based on concession receipts, Lessee shall provide:

1. Quarterly, a copy of the Stores, State Department of Revenue Combined Excise Tax Return - Form REV. 40-2406 (6-76).
2. Available for immediate audit:
 - A. Daily Cash Register and/or receipt book records to confirm gross revenue
 - B. Federal Income Tax returns
 - C. Sales Tax Statements
 - D. B & O Tax Statements

3.07 Reports. The Lessee shall render yearly reports of gross receipts at the time yearly payments of percentage rent are due. The reports shall show in reasonable detail as the State shall specify, the amount of gross receipts during the preceding year.

3.08 Audits. The Lessee shall provide once each year, without expense to the State, an audit report certified by an accountant satisfactory to the State showing sales and other income credits affecting gross receipts and components thereof.

SECTION 4 RESERVATIONS

4.01 Compliance. The State shall have access to the site at all reasonable times for the purpose of securing compliance with the terms and conditions of this lease.

4.02 Access. The State reserves the right to grant easements and other land uses on the site to itself and others when the easement or other land uses applied for will not unduly interfere with the use to which the Lessee is putting the site or interfere unduly with the plan of development for the site. No easement or other land uses shall be granted until damages to the leasehold shall first have been ascertained by the State and paid to the Lessee by the applicant for the easement or other land use.

4.03 Restrictions on Use. In connection with use of the site the Lessee shall:

- (1) Conform to all public authority concerning planning, zoning and other requirements which may affect the leased site in the same manner as if the land was leased from a private owner;
- (2) Cut no State timber or remove State-owned valuable material without prior written consent of the State. The Lessee must pay to the State the Fair Market Value of the timber or valuable material, as determined by the State, before cutting timber or removal authorization is granted;
- (3) Take all reasonable precautions to protect the land and improvements on the leased site from fire, make every reasonable effort to report and suppress such fires as may affect the leased site, and shall be subject to applicable fire laws affecting the leased site;
- (4) Not allow debris or refuse to accumulate on the leased site.

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SECTION 5 REQUIREMENTS

5.01 Assignment and Sublease. This lease or any portion thereof may not be assigned nor may the lands held hereunder be sublet without the written consent of the State, except as specified in the original or amended plan of development.

5.02 Duty. The Lessee, at his sole cost and expense, shall at all times keep or cause all improvements, including landscaping, installed pursuant to this lease (regardless of ownership) to be kept in as good condition and repair as originally constructed or as hereafter put, except for reasonable wear and tear. The State, or any authorized agency shall have the legal right to inspect the premises and improvements thereon. The Lessee shall carry, or he shall require his Sub-lessees to carry by a responsible company or companies satisfactory to the State, a sufficient amount of fire and casualty insurance to cover the replacement cost of any or all improvements that may be damaged by fire or other casualty. Such insurance policy or policies, excepting those for single-family residential subleases, are to be endorsed and delivered to the State with provisions for thirty (30) days notice of cancellation to the State. Such insurance policies for single-family residential subleases shall be carried by responsible companies satisfactory to the State. The policies shall be endorsed and delivered to Lessee with provisions for thirty (30) days notice of cancellation.

The Lessee shall supply evidence satisfactory to the State of insurance on single-family residential subleases. Once the initial evidence has been delivered to the State, the Lessee is not required to supply evidence of insurance on an annual basis, provided, however, the State reserves the right to call for proof of satisfactory insurance at any time. In the event of fire or casualty damage to any or all of the improvements, the paid insurance benefits shall be used to immediately replace said improvements in a manner subject to reasonable approval by the State, or at the option of the Lessee, the proceeds from such insurance may be paid to the State in lieu of replacing said improvements.

5.03 Condition of Site and Liability. The site has been inspected by the Lessee and is accepted in its present condition. The Lessee agrees to defend and hold the State harmless from any and all claims suffered or alleged to be suffered on the site or arising out of operations on the site. Prior to starting developmental work on the site, the Lessee shall procure and thereafter, during the term of the lease, shall continue to carry public liability and property damage insurance, with a financially responsible company, in the amount of not less than \$500,000.00 for injury to one person, \$1,000,000.00 for injury to two or more persons, and \$100,000.00 for damage to property. The amount of insurance required may hereafter be increased or decreased, at the option of the State, at the time the rental is reappraised pursuant to Section 3.02. Certificates evidencing such insurance and bearing endorsements requiring thirty (30) days' written notice to the State prior to any change or cancellation shall be furnished to the State before the Lessee commences any developmental work on the site.

5.04 Liquidated Damages. The Lessee hereby agrees that liquidated damages equal to the annual rental then in effect shall be paid to the State should the Lessee fail to complete the plan of development or should Lessee default on the rental payment or elect to forfeit his rights under this lease. A surety bond equal to the amount of required liquidated damages must be supplied to the State within thirty days after the lease is executed and remain in force until the expiration of the lease or such time as the State shall release, in writing, the Lessee from this obligation. Said bond to be supplemented according to any rental adjustment within 30 days of such adjustment.

5.05 Improvement Bond. Before commencement of construction by Lessee of any improvement costing in excess of \$2,500.00 on the leased site, Lessee agrees to provide security which will guarantee completion of the improvement, and payment in full of claims of all persons for work performed in or materials furnished for construction. Lessee may provide said security by either:

A. Posting a surety bond in an amount equal to the cost of each improvement, said bond to be deposited with the State and to remain in effect until the improvement is satisfactorily completed. Said bond shall be conditioned upon the faithful performance of Lessee, and give all claimants the right of action to recover upon said bond in any suit brought to foreclose mechanic's or materialmen's liens against the site;

B. Any other method first approved in writing by the State.

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5.06 Assessments. The Lessee shall pay the annual payments on all assessments and taxes that are legally charged now or may be charged in the future to the State land or the improvements thereon.

5.07 Default. If any rent shall be and remain unpaid when the same shall become due, or if Lessee shall violate or default in any of the covenants and agreements herein contained, then the State may cancel this lease, provided the Lessee has been notified of the rental due, the violation or the default, 60 days prior to said cancellation and said violation, default or nonpayment has not been cured by Lessee within 60 days.

5.08 Insolvency of Lessee. If the Lessee becomes insolvent, the State may cancel, at its option, the lease unless the lease has been used as collateral with the State's consent. If the Lessee should default in payment to the lending agency, the State upon request by the lender shall assign the lease to the lending agency who may, thereafter, either operate the leased site or, with the approval of the State, assign the lease.

5.09 Status of Subleases. Termination of this lease, by cancellation or otherwise, prior to the lease termination date, shall not serve to cancel approved subleases, nor derogate from the rights of the lienholders of record, but shall operate as an assignment to the State of any and all such subleases, together with the unrestricted right of the State to receive all sublease payments therein provided for from the date of said assignment. Upon termination of this lease, by cancellation or otherwise, prior to the termination date of said lease, the Lessee shall have no claim to sublease payments and/or sublease improvement values herein contained.

SECTION 6 MISCELLANEOUS

6.01 No Partnership. The State is not a partner nor a joint venturer with the Lessee in connection with business carried on under this lease and shall have no obligation with respect to the Lessee's debts or other liabilities.

6.02 Warranty. The State warrants that it is the owner of the leased site and has the right to lease it free of all encumbrances except those set out under the description of the leased premises.

6.03 Non-Waiver. Waiver by either party of strict performance of any provisions of this lease shall not be a waiver of nor prejudice the party's right to require strict performance of the same provision in the future or of any other provision.

6.04 Attorney Fees. If suit or action is instituted in connection with any controversy arising out of this lease, the prevailing party shall be entitled to recover costs including such sum as the court may adjudge reasonable as attorney fees.

6.05 Succession. Subject to the limitations as stated in Sections 5 - 5.01 and 5 - 5.08, on transfer of the Lessee's interest, this lease shall be binding upon and inure to the parties, their respective successors and assigns.

6.06 Notices. Any notice required or permitted under this lease shall be given when actually deposited in the United States mail as certified mail addressed as follows: To the State: Department of Natural Resources, Olympia, Washington 98504. To the Lessee: At the address given by the Lessee in the signature block or as specified in writing by the Lessee.

6.07 State's Right to Cure Defaults. If the Lessee is in default by failure to perform any covenant(s) of this lease, the State shall have the option to correct the default or cancel the lease after sixty (60) days' written notice to the Lessee. All of the State's expenditure to correct the default shall be reimbursed by the Lessee on demand with interest at the rate of 8% per annum from the date of expenditure by the State. The written notice shall have no effect if the Lessee cures the default specified in the notice during the 60 day period. Provided that, if the default is injurious to the public health or safety, the State may, in the absence of an indicated attempt by the Lessee to cure the default, immediately enter upon the site and cure said default. Any expense so incurred by the State shall be charged against the Lessee and be payable by the Lessee within 30 days after the receipt of the billings for said expense.

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6.08 Lease Recording. Within 30 days after receipt of this lease, a notification of leasing is to be recorded by the Lessee with the Skamania County Auditor's office located in Stevenson, Washington.

6.09 Reservoir Level. The Lessee or Sublessees, if any, acknowledge 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 provisions of Federal Power Commission License No. 2111. The Lessee or Sublessees, if any, shall waive all claims of damage and shall indemnify Pacific Power and Light Company, the State or their successors, if any, against any claim of damage arising from recreational use of the reservoir or shoreline or floating facilities.

SECTION 7 OPERATION OF SITE

7.01 Operational Uses and Responsibilities. In conjunction with the operation of the site, the following uses shall be allowed:

(1) Subleasing of buildings and/or facilities located on the site as indicated in original or amended plan of development;

(2) Construction, improvements, operation, repair, etc., made or performed under the lease shall be at the sole cost of the Lessee or Sublessees. The Lessee or his Sublessee shall furnish all utilities and shall obtain all Federal, State and local permits and licenses necessary to perform the terms, conditions and covenants of this lease.

SECTION 8 IMPROVEMENTS

8.01 Unauthorized Improvements. All improvements not included in the original or amended plan of development made on or to the site without the written consent of the State shall immediately become the property of the State.

8.02 Severance of Improvements not on State Land. If any of the Lessee's improvements utilize, in addition to State land, lands adjoining State land but not owned by the State, the State shall have at the expiration, termination, or the surrender of the leasehold to enter upon the adjoining land to physically sever at the boundary, without liability for damage as result thereof, the improvements; thereafter, to use the severed improvements remaining on State land for any purpose.

8.03 Ownership of Improvements. All buildings and improvements, excluding removable personal property and trade fixtures on the lease site will remain on said site after termination or expiration of this lease or any renewal thereof and shall thereupon become the property of the State; except as provided in 8.04, provided, however, that as a condition of any re-leasing of the subject property to any other party made during the three year period following the expiration of this lease or any renewal thereof, the State shall require the subsequent Lessee to purchase the Lessee's interest in the improvements as allowed by law, and provided further that the written consent of the State is required for those Lessee owned improvements having an individual value in excess of \$10,000.00 and placed on or to the site after January 1, 1990. Such consent may provide that the improvements shall become the property of the State on a specific date following the expiration of this lease. At the expiration of this lease or any renewal thereof the State shall make a reasonable effort to re-lease the site.

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8.04 Ownership of Sublessee Improvements. All buildings and improvements, excluding removable personal property and trade fixtures on the leased site erected by Sublessees will remain on said site after expiration of this lease or termination prior to the term of this lease of any sublease held by the State under the provisions of Section 5.09; provided, however, upon the expiration of the lease, if the State is unsuccessful in re-leasing the leased site as a unit, then each Sublessee shall have a preferential right as allowed by law to re-lease from the State its subleased area; provided, further, upon the termination or expiration of this lease or a sublease assigned under Section 5.09 that as a condition of any re-lease of the leased site or subleased site to any other party made during the three year period following the State shall require the subsequent Lessee to purchase the Sublessee's 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, 2059.

The Lessee expressly agrees to all covenants herein and binds himself for the payment of the rental hereinbefore specified.

Signed this 26th day of February, 1996.

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

[Signature]
Commissioner of Public Lands

Signed this 3rd day of February, 1996.

WATER FRONT RECREATION, INC.

By [Signature]
Robert T. Curry, President Title

By [Signature]
Secretary Title

2293 Verus Street
San Diego, California 92154

[Signature]
App. No. 58985
091152

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CORPORATE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) **

On this 3rd day of February, 1986, before me
personally appeared ROBERT T. CURRY

_____ to me known to be the President
_____ of the corporation that executed the within and foregoing instrument, and acknowledged
said instrument to be the free and voluntary act and deed of said corporation, for the
uses and purposes therein mentioned, and on oath stated that (he/she was) ~~(they were)~~
authorized to execute said instrument and that the seal affixed is the corporate seal
of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the
day and year first above written.



Donna R. Thompson
Notary Public in and for the State of
California residing at _____

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CORPORATE ACKNOWLEDGMENT

STATE OF OREGON)
COUNTY OF WASHINGTON) ss

On this 19TH day of FEBRUARY, 1986, before me
personally appeared BARBARA WOLD

to me known to be the SECRETARY
of the corporation that executed the within and foregoing instrument, and acknowledged
said instrument to be the free and voluntary act and deed of said corporation, for the
uses and purposes therein mentioned, and on oath stated that (he/she was) (they were)
authorized to execute said instrument and that the seal affixed is the corporate seal
of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the
day and year first above written.



[Signature]
Notary Public in and for the State of
OREGON residing at
MY COMMISSION EXPIRES 11-6-88

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
JENNIFER M. BELCHER, Commissioner of Public Lands

LEASE AMENDMENT

122475

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THIS AMENDMENT OF LEASE NO. 39-058985 is made and entered into his 10th day of August, 1994, by and between the STATE OF WASHINGTON, acting through the Department of Natural Resources (hereinafter referred to as "State"), and Water Front Recreation, Inc., a Washington Corporation (hereinafter referred to as "Lessee").

WHEREAS, the parties hereto have entered into a certain Lease Agreement No. 39-058985 (the "Lease") dated August 11, 1970 and restated February 26, 1986, demising certain real property located in Skamania County, Washington more particularly described in said Lease; and

WHEREAS, it is the desire of the parties to amend said Lease;

NOW, THEREFORE, for good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, it is hereby mutually covenanted and agreed as follows:

1. Section 5.02 of the Lease is hereby amended to read as follows:

5.02 DUTY. The Lessee, at his sole cost and expense, shall at all times keep or cause all improvements, including landscaping, installed pursuant to this lease (regardless of ownership) to be kept in as good condition and repair as originally constructed or as hereafter put, except for reasonable wear and tear. The State, or any authorized agency shall have the legal right to inspect the premises and improvements thereon.

The Lessee shall carry, or he shall require his Sublessees to carry in the joint names of the Lessee, Sublessee, State and Mortgagee (if any), a sufficient amount of fire and casualty insurance to cover the replacement cost of any or all improvements that may be damaged by fire or other casualty, and public liability insurance (to the extent not covered under Section 5.03 below) against claims for bodily injury, death or property damage occurring on or about and adjacent to the demised premises. Such policies of insurance shall be with a responsible insurance company or companies satisfactory to the State. Lessee shall require Sublessees to provide certificates evidencing insurance coverage with provisions for at least ten (10) days notice of cancellation to the Lessee. Lessee shall be responsible for monitoring and insuring that Sublessees maintain appropriate levels of

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insurance coverage, provided, however, the State reserves the right to call for proof of satisfactory insurance at any time.

In the event of fire or casualty damage to any or all of the improvements, any money derived therefrom in case of loss shall be held in trust and be immediately available to and used as soon as reasonably possible by Lessee for rebuilding, repairing or otherwise reinstating the same buildings so destroyed or damaged or such modified plan as shall be previously approved in writing by State.

All other terms and conditions of said Lease, as supplemented, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the day and year first written above.

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
JENNIFER M. BELCHER
COMMISSIONER OF PUBLIC LANDS

By *Jennifer M. Belcher*
Its *Commissioner of Public Lands*

WATER FRONT RECREATION, INC.

By *Robert J. Boring*
Its *President*

Approved as to form this 30 day
of Aug 1994.

James Stewart
Assistant Attorney General

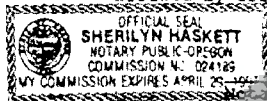
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Corporate Acknowledgment

STATE OF OREGON)
COUNTY OF Deschutes) ss.

On this 12th day of August,
1994, personally appeared before me Robert T. Curry to me known to
be the President of the corporation that executed the within and
foregoing instrument, and acknowledged said instrument to be the
free and voluntary act and deed of said corporation, for the uses
and purposes therein mentioned, and on oath stated that he was
authorized to execute said instrument for said corporation and that
the seal affixed is the corporate seal of the said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and
affixed my official seal the day and year first above written.



Sherilyn Haskett
Notary Public in and for the State of
Oregon residing at 459 SW Haverhill
Redmond, OR
My appointment expires 4-29-97

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Commissioner of Public Lands Acknowledgment

STATE OF WASHINGTON)
COUNTY OF Thurston) ss.

On this 20th day of September, 1994, personally appeared before me Jennifer M. Belcher, to me known to be the Commissioner of Public Lands, and ex officio administrator of the Department of Natural Resources of the State of Washington, the Department that executed the within and foregoing instrument on behalf of the State of Washington, and acknowledged said instrument to be the free and voluntary act and deed of the State of Washington for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument and that the seal affixed is the official seal of the Commissioner of Public Lands for the State of Washington.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Michelle Benton
Notary Public in and for the State of
Washington residing at Olympia
My appointment expires 4/12/95

