



After recording return to:

Water Front Recreation, Inc.
PO Box 7139
Bend, OR 97708-7139

ASSIGNMENT, ASSUMPTION AND CONSENT

"ASSIGNOR" Zach McCarty and Emily McCarty
40601 NE 19th Avenue
Woodland, WA 98674

"ASSIGNEE" Bear River Recreation, LLC
PO Box 102
Cougar, WA 98616

"WATER FRONT" WATER FRONT RECREATION, INC.,
a Washington Corporation
P.O. Box 7139
Bend, OR 97708-7139

"GUARANTOR" Zach McCarty
PO Box 102
Cougar, WA 98616

"GUARANTOR" Emily McCarty
PO Box 102
Cougar, WA 98616 (collectively, "Guarantors")

DATED: June 10, 2014

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, Guarantors, and Water Front hereby agree as follows:

LEGAL DESCRIPTION (Abbreviated): SE 1/4 SEC 26 & SW 1/4 SEC 26 T7N R6E
ASSESSOR'S PROPERTY TAX PARCEL/ACCOUNT #: 96-000500, 07-06-26-0-0-0500-00,
07-06-26-0-0-0501-00 & 00000092-001190

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

1.1 That certain store lease by and between Water Front as Lessor and James and Neomie Gipe as Lessee dated October 2, 1972 and providing for a term beginning September 1, 1972 and ending June 1, 2025; which lease was subsequently transferred by mesne assignments with the most recent

being to Zach McCarty and Emily McCarty, by instrument dated October 21, 2013, recorded November 14, 2013, as Document Number 2013002467, in Skamania County, WA Deed Records, and which covers the premises legally described as:

PARCEL I

That portion of the Northeast Quarter of the Southeast Quarter of Section 26, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington, lying East of the Forest Service Road,

AND

1.2 That certain campground lease by and between Water Front as Lessor and James and Neomie Gipe as Lessee entered into in 1976, and providing for a term beginning May 1, 1976 and ending September 2, 2030; which lease was subsequently transferred by mesne assignments with the most recent being to Zach McCarty and Emily McCarty, by instrument dated October 21, 2013, recorded November 14, 2013, as Document Number 2013002467, in Skamania County, WA Deed Records, and which covers the premises legally described as:

PARCEL II

A portion of the West Half of the Northwest Quarter of the Southwest Quarter of Section 25, Township 7 North, Range 6 East of the Willamette Meridian, in the County of Skamania, State of Washington, described as follows:

Beginning at the West Quarter Section corner of said Section 25, running thence, along the East-West centerline thereof, East 200 feet, thence South 39° East 140 feet, thence South 50 feet thence South 13° West 240 feet, thence South 30° East 150 feet, thence South 40° West 230 feet, to a point on the North line of the BO-EC-1000 Road, thence along said North line West 160 feet, to the West line of said Section 25, thence along said West line, North 690 feet to the point of beginning.

(herein collectively referred to as the "Lease")

2. **Assumption.** Assignee hereby accepts this Assignment and hereby assumes and agrees to perform all obligations of the Lessee under the Lease as amended and as affected if at all, by the Settlement Agreement of May 24, 1984, including, without limitation, payment of all rent required by the provisions thereof.

3. **Consent.** Water Front hereby consents to the foregoing assignment and assumption subject to the terms and conditions of this Assignment, Assumption and Consent, provided however, and upon the express condition, that neither such consent nor the collection of rent from the Assignee shall be deemed a waiver or relinquishment for the future of the covenant against assignment or subletting and such acceptance of the Assignee 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 hereof.

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 the terms of the 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 Lessee 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 Lessee (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 Lessee 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 Lessee 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 Lessee 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 Lessee 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 Lessee or pursue any rights or remedies with respect to the Lease; (ii) proceed against or exhaust any security that Water Front holds from Lessee; 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 Lessee and regardless of the release or discharge of Lessee 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 Lessee 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 Lessee, or (c) the assignment of the Lease, or the subletting of the leased premises by Lessee, with or without Water Front's consent, or (d) the expiration of the term, or (e) if Lessee holds over beyond the term of the Lease, or (f) any merger or reorganization or the release or discharge of Lessee 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 Lessee, 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 Lessee, 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 Lessee 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 Lessee 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 Lessee now or hereafter held by Guarantors to the obligations of Lessee to 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, legal representatives, 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.

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

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

GUARANTORS:



Zach McCarty

ASSIGNOR:



Zach McCarty



Emily McCarty



Emily McCarty

ASSIGNEE:

Bear River Recreation, LLC

By: [Signature]
Zach McCarty, Member

By: [Signature]
Emily McCarty, Member

WATER FRONT RECREATION, INC.:

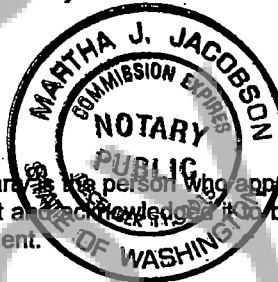
By: [Signature] ^{Sec. Treas}
Leslie M. Russell, Secretary/Treasurer

State of Washington)
County of Cowlitz) ss

I certify that I know or have satisfactory evidence that Zach McCarty 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: July 9, 2014

[Signature]
Notary Public for Washington State
My Appointment Expires: 12-11-2015

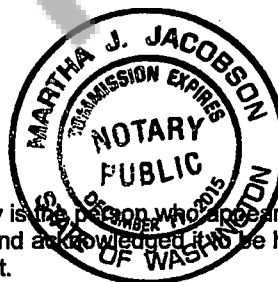


State of Washington)
County of Cowlitz) ss

I certify that I know or have satisfactory evidence that Emily McCarty 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: July 9, 2014

[Signature]
Notary Public for Washington State
My Appointment Expires: 12-11-2015



Limited Liability Acknowledgment

State of Washington)
County of Cowlitz) ss

I certify that I know or have satisfactory evidence that Zach McCarty and Emily McCarty 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 the instrument and acknowledged it as the Members of Bear River Recreation, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: July 9, 2014

Martha J Jacobson
Notary Public for Washington State
My Appointment Expires: 12-11-2015



Corporate Acknowledgment

State of Washington)
County of Cowlitz) 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 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: July 15, 2014

[Signature]
Notary Public for Oregon
My Appointment Expires: Aug 25 2015



102041

BOOK 103 PAGE 20

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. 58985, dated August 11, 1970 and all subsequent amendments thereto (dated February 10, 1972; September 17, 1975; 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, 2059.

1.02 Renewal. The Lessee shall have the right to the extent provided by law, to apply for a re-lease 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 5.3 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).

FILED FOR RECORD
BY KULLOBY & SONS

OCT 22 2 24 PM '85
GARY H. H. HON

-1-

REAL ESTATE EXCISE TAX
OCT 22 1985

PAID \$11
SKAMANIA COUNTY TREASURER

RECEIVED
OCT 22 1985
TREASURER
CLERK

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-lessees. 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 1% per month. Payment shall be made to the State at the Department of Natural Resources, Olympia, Washington 98504.

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.

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 bonding 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.

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 Partnerships. 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.

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.

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, 2069.

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, 19 86.

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES


Commissioner of Public Lands


Signed this 3rd day of February, 19 86.

WATER FRONT RECREATION, INC.

By 
Robert T. Curry, President Title

By 
Barbara Wald Title

2293 Verus Street
San Diego, California 92154


Exp. No. 58985
091152

BOOK 103 PAGE 27

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/we are)~~
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 _____

BOOK 103 PAGE 28

CORPORATE ACKNOWLEDGMENT

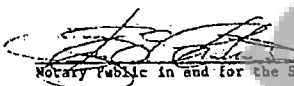
STATE OF OREGON)
COUNTY OF WASHINGTON) ss

On this 10TH day of FEBRUARY, 19 86, 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.




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

BOOK 280 PAGE 340

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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FILES FOR REC-
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CLERK

GARY M. OLSON

BOOK 150 PAGE 341

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. Lewis
Its President

Approved as to form this 30 day

of Dec 1994.

James Belmont
Assistant Attorney General

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 2459 NW Hlaxia Pl
My appointment expires 4-29-97 Redmond, OR

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 4/12/97



#60397

L E A S E

LEASE AGREEMENT made and entered into this ____ day of _____, 1976, by and between WATER FRONT RECREATION, inc., a Washington corporation, (hereinafter designated as "Lessor") and JAMES V. GIPE and NEOMI ANN GIPE, husband and wife, (hereinafter designated "Lessees").

W I T N E S S E T H:

In consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, it is hereby agreed, by and between the parties, as follows:

PREMISES: Lessor does hereby lease, demise, and let unto Lessees, and Lessees do hereby lease and rent from Lessor, those certain premises located in Skamania County, Washington, more particularly described as follows:

That portion of the West half of the Northwest Quarter of the Southwest Quarter, Section 25, Township 7 North, Range 6 East of the Willamette Meridian, included within the limits of a tract of land described by metes and bounds as follows:

BEGINNING at the West Quarter Section corner of said Section 25, running thence, along the East-West centerline thereof, East 200 feet, thence South 13° West 240 feet, thence South 30° East 150 feet, thence South 40° West 230 feet, to a point on the North line of the BG-EC-1000 Road, thence along said North line, West 160 feet, to the West line of said Section 25, thence along said West line, North 690 feet to the point of beginning having an area of 4.0 acres, more or less, as shown on the plat thereof on file in the office of the Commissioner of Public Lands at Olympia, Washington.

NOTE: All of the bearings and distances used in the above description are approximate.

SUBJECT, however, to easement for right of way granted to U.S. Forest Service under Application No. F-5081.

SUBJECT, however, to terms of the Swift Creek Agreement No. 9

SUBJECT to a non-exclusive easement for the purpose of constructing and maintaining a well, pump, pump-house and water line upon said property which is hereby granted to Water Front Recreation, Inc., and Northwoods Cabin Sites Association for the purposes stated herein, and for no other purpose, provided that Grantees shall not interfere, destroy any structure now existing on the property nor any building constructed prior to Grantees installation of a well, pump, pump-house or water line.

TERM: The term of this Lease shall be for the period beginning on May 1, 1976 and ending September 2, 2030.

RENTAL: the rent for premises shall be computed as follows:

1. For the period May 1, 1976, through September 1, 1976, the rental shall be pro-rated and based on a twelve-month rental figure of THREE HUNDRED SEVENTY-FIVE and no/100ths DOLLARS (\$375.00) per annum, and shall be the amount of ONE HUNDRED TWENTY-FIVE and no/100ths DOLLARS (\$125.00).
2. For the rental period September 2, 1976 through September 1, 1977 and the period September 2, 1977 through September 1, 1978, the rental shall be THREE HUNDRED SEVENTY-FIVE and no/100ths DOLLARS (\$375.00) for each of those periods.

All rentals set forth in paragraph 1 and 2 hereof, shall be paid in advance at the start of each rental period.

3. In addition to the rentals set forth in Paragraphs 1 and 2 hereof, the Lessees shall, beginning on September 2, 1978 and for each year thereafter during the term of this Lease, pay to the Lessor a rental amount of SEVEN HUNDRED FIFTY and no/100ths DOLLARS (\$750.000 or ten per cent (10%) of Lessees' gross receipts from the leased property, whichever sum is greater.

Gross receipts shall be defined and interpreted in the same manner as set forth in Section 3.04 of that certain Master Lease No. 58985 executed between Lessor and the State of Washington and filed in the office of the Auditor of Skamania County.

4. All rentals based upon ten per cent (10%) of the gross receipts shall be paid in two installments during the year in which said rentals are due. The first installment for each year during which the rentals are based on gross receipts, shall be due on March 2 of said year and the final installment shall be payable on or before September 1, of any such year. The last such payment shall be due and payable on or before the second day of September, 2030, or in the event this Lease is terminated as herein provided prior to the expiration of the term, then and in that event, within thirty (30) days after the date of said termination.
5. At all times during the term hereof, or any extension, Lessees shall keep and maintain at the premises, books of account that accurately reflect all of Lessee's gross sales made at or from the premises. Lessor and his duly authorized accountants, attorneys, or other representatives shall have the right during each year of this Lease, plus a period of sixty (60) days thereafter, to inspect and audit at reasonable times during the business hours the sales books, sales records, and sales tax returns of Lessees applicable to the gross receipts of such lease year and to make copies thereof.

Lessee shall concurrently with each payment of percentage rental as herein provided, submit to Lessor a statement certified by Lessees as to its correctness showing Lessees' gross receipts, as such term is hereinafter defined, made during the lease year to which rental applies.

6. For the purposes hereof, the lease year shall be defined as the twelve (12) month period commencing September 2, and ending September 1 of each year during the term hereof.

USE: Lessees shall use the leased premises during the term of this Lease for trailer spaces and any other uses as agreed upon in writing between Lessor and Lessees, and not otherwise.

PAYMENTS: All rent and other payments made to Lessor shall be made to Lessor, WATER FRONT RECREATION, INC., at 1600 S.W. 4th, Suite 805, Portland, Oregon 97201, or to such other persons or at such other places as may be designated by Lessor from time to time.

UTILITIES: Lessees agree to pay, before delinquency, all charges for gas, electricity, heat, light, power, telephone and other public services used by Lessees upon the lease premises; also all license fees which may be imposed by reason of the lease by Lessees of said premises.

TAXES AND ASSESSMENTS: Lessees shall, and agree to, pay all taxes, assessments and charges that may be levied against the lands, buildings, and improvements herein leased. Lessees shall and agree to, pay all taxes, assessments, and charges on its personal property and equipment on the leased premises.

LESSEES AGREE:

1. To keep the premises and property on which the premises are situated free from any liens arising out of any work performed, or any materials furnished, or obligations incurred by, or for, Lessees.
2. Not vacate or abandon the premises during the term; and if Lessees do so, or surrender such premises or are dispossessed by process of law or otherwise, any personal property belonging to Lessees left on the premises shall be deemed to be abandoned, at Lessor's option, or may be stored elsewhere at Lessees' expense.
3. Not commit or suffer to be committed, any waste, or nuisance, or any alterations of the premises, or any part thereof, without Lessor's prior written consent. Any additions or alterations, except movable furniture and trade fixtures, shall become at once a part of the realty and belong to

Lessor, provided, that by notice given at least thirty (30) days prior to the end of the term, Lessor may at his option Lessees to restore the premises or any part thereof to their condition at the commencement of the term.

4. Not use or permit said premises or any part thereof to be used for any purpose other than the purpose for which said premises are leased as hereinbefore specified; and no use shall be made thereof, nor acts done, which would increase the existing rate of insurance upon the improvements thereon, or void any such insurance, or cause cancellation thereof; nor shall Lessees sell, or permit to be kept, used or sold in or about the premises, any article which may be prohibited by the standard form of fire insurance policy except that Lessees shall be allowed to sell gasoline at the gas station. Lessees shall, at their sole expense, comply with all requirements pertaining to said premises of any insurance carrier, necessary for maintenance of reasonable fire and public liability insurance covering said premises.
5. At its sole cost, keep every part of the premises in good and sanitary order, condition, and repair to the reasonable satisfaction of Lessor.
6. To assume all risk of damages to property in or about the premises from any cause and to whomever belonging, and if injuries to or death of persons in or about said premises, from any cause including Lessor's negligence or breach thereof, and waives all claims in respect thereof against Lessor and agrees to defend and save Lessor harmless from and against any such claim, damages, death or injury. Lessees shall, during the term hereof, keep Lessees' property located in the demised premises insured against loss or damages by fire (including extended coverage) in companies satisfactory to Lessor, in an amount equal to the full replacement value of such property, by policies providing that Lessees' insurer shall not acquire by subrogation any right of recovery which Lessees have expressly waived in writing prior to the occurrence of the loss.
7. To keep in force during the term hereof at Lessees' expense, public liability and property damage insurance in companies satisfactory to Lessor against any liability to the public incident to the use of or resulting from any accident occurring in or about the premises in minimum amounts of \$500,000-\$1,000,000 - \$100,000. The same shall insure the contingent liability of Lessor, and the policies or certificates, endorsed "premium paid", shall be deposited with Lessor; and Lessees shall obtain the written agreement of the insurers to notify

Lessor in writing thirty (30) days prior to any cancellation. Lessees agree that if he does not keep such insurance in full force and effect, Lessor may, but is not obligated to, take out such insurance and pay the premiums thereof at Lessees' expense and repayable on demand.

8. If suit be brought for unlawful detainer of the premises, to recover rent due hereunder, or because of breach of any covenant herein on the part of the Lessees to be performed, Lessees will pay Lessor's attorney's fee. Upon the filing of any action for unlawful detainer in the court in which such action is pending, may appoint a receiver without notice to take possession of the premises and collect any rent that may be or become due from any sub-tenant and to hold the same during the pendency of said action.
9. Either (i) appointment of a receiver (except as mentioned in paragraph 8 above) to take possession of all or substantially all of the assets of Lessees, whose appointment is not vacated within sixty (60) days, or (ii) a general assignment by Lessees for the benefit of creditors or (iii) any action taken or suffered by Lessees under any insolvency or bankruptcy act shall terminate this Lease, and Lessor shall be entitled to damages as provided upon a termination under paragraph 11 hereon.
10. Upon breach of this Lease by Lessee, then Lessor, besides other rights or remedies he may have, shall have the immediate right of entry and may remove all persons and property from the premises; such property may be stored in a public warehouse or elsewhere at the cost of and for the account of Lessees. Should Lessor elect to re-enter, as herein provided, or take possession pursuant to legal proceedings or any notice, provided for by law, he may either terminate this lease, relet the premises or any part thereof for such term or terms (which may extend beyond the term hereof) and at such rentals and upon such other terms as Lessors in his sole discretion may deem advisable with the right to make alterations and repairs to said premises; upon each such reletting (i) Lessees shall be immediately liable to pay to Lessor, in addition to indebtedness other than rent due hereunder, the cost of such reletting and of such alterations and repairs, incurred by Lessor, and the amount by which the rent hereunder for the period of such reletting (to the end of the term hereof) exceeds the amount agreed to be paid as rent for the premises for such period on such reletting; or (ii) at the option of Lessor rents received from such reletting shall be applied; first, to payment of indebtedness other than rent due here-

under from Lessees to Lessor; second, to the payment of costs of such reletting and of such alterations and repairs; third, to payment of rent due and unpaid hereunder; and the residue, if any, shall be held by Lessor and applied in payment of future rent as the same becomes due hereunder. If Lessees have been credited with any rent to be received by such reletting under option (i), and such rent shall not be promptly paid to Lessor by the new tenant, or if such rentals received from such reletting under option (ii) during any month be less than that to be paid during that month by Lessees hereunder, Lessees shall pay any such deficiency to Lessor.

Such deficiency shall be calculated and paid monthly. No re-entry or taking possession of said premises by Lessor shall be construed as an election on his part to terminate this Lease unless a written notice of such intention be given to Lessee or unless the termination thereof be decreed by a Court of competent jurisdiction. Notwithstanding any such reletting without termination, Lessor may at any time thereafter elect to terminate this Lease for such previous breach. Should Lessor at any time terminate this Lease for any breach, in addition to any other remedy he may have, he may recover from Lessees all damages he may incur by reason of such breach, including the cost of recovering the premises, and including the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to rent reserved in this Lease for the remainder of the stated term over the then reasonable rental value of the premises for the remainder of the stated term, all of which amounts shall be immediately due from Lessees to Lessor.

11. Surrender of this Lease by Lessees, or mutual cancellation thereof, shall not work a merger, but shall at the option of Lessor, terminate all or any existing sub-lease or sub-tenancies, or may at the option of Lessor, operate as an assignment to him of any or all such sub-leases or sub-tenancies.
12. This Lease shall be subordinate to any mortgage or deed of trust which has been or is placed on the land or building of which the premises are a part. The holder of such mortgage or deed of trust may at his option preserve this Lease in connection with any enforcement thereof, and Lessees agree to to the purchaser at any foreclosure sale thereunder.
13. Lessor shall be relieved from all obligations hereunder upon transfer of title to the property subject thereto to another, who shall be subject to the Lessor's obligations hereunder. If any

security be given by Lessees to secure performances of this Lease, Lessor may transfer the security to such transferee of title of the property subject hereto, and thereupon Lessor shall be discharged from further liability therefor.

14. That Lessor shall not be required to make any repairs, alterations, additions, or improvements to or upon the lease premises during the term of this Lease.

CONDUCT OF BUSINESS: Lessees agree that they will at all times maintain and conduct their said business insofar as the same relates to Lessees' use and occupancy of the demised premises, in a lawful manner, and in strict compliance with all governmental rules, laws and regulations and orders as may be applicable to the business of Lessees conducted in or upon the demised premises, and the Lessees and their employees shall conform to and observe such reasonable rules and regulations and Lessor may from time to time promulgate and establish for the conduct and regulation of business.

Lessees agree that, except as prevented by strikes, labor disputes, fire, earthquake, explosion, flood, riot, rebellion, act of public enemy, act of God or other public authority, or other causes beyond the control of Lessees, whether similar or dissimilar to those above mentioned, they will during the term of this Lease, conduct in demised premises as usual, business in good faith, with facilities, fixtures, employees and adequate merchandise and facilities and will exploit and develop their business in the whole of demised premises in such manner as to produce the maximum total gross receipts consistent with sound business practice. Lessees further agree to and shall during the entire lease term, and any extensions thereof, keep the leased premises open for business at least six days a week and at least six hours per day, from April 15th to November 15th. The Water Front Recreation Cabin Site Lease and State of Washington Lease #58985 is incorporated in and made a part of this Lease.

COMPLIANCE WITH WASHINGTON LANDLORD/TENANT ACT: In the event any provision of this Lease Agreement or the application thereof to any person or circumstances is held invalid or unenforceable due to a failure of compliance with or conflict with Chapter 59.18 of the Revised Code of Washington, commonly referred to as the residential Landlord/Tenant Act of Washington, such findings of conflict or invalidity shall not affect other provisions or applications of this Lease Agreement which can be given effect without the invalid provision or application and to this end the provisions of this Lease Agreement are declared to be severable in regard to the residential Landlord/Tenant Act of Washington and for that purpose only.

WATER FRONT RECREATION, INC.

By: Robert J. Cunningham

Lessor

James V. Gipe

Neomi Ann Gipe

STATE OF WASHINGTON)

and

FRONT RECREATION, INC., the corporation that executed the foregoing instrument, and acknowledged the 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 they are authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

year first above written.

Washington, residing at Vancouver

STATE OF WASHINGTON)

On this day personally appeared before me JAMES V. GIPE and NEOMI ANN GIPE, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this ____ day of _____, 1976.

Notary Public in and for the State of
Washington, residing at Vancouver

*Original
Keep.*

*This Lease not to be
released only copies may be made*

LEASE

This Lease made and entered into in duplicate this 2ND day of OCTOBER, 1972, by and between WATER FRONT RECREATION INC., a Washington corporation, (hereinafter called "Lessor") and JAMES and NEOMIE GIPE (hereinafter called "Lessee").

W I T N E S S E T H:

That in consideration of the mutual covenants and agreements herein contained, it is agreed by and between the parties hereto as follows:

PREMISES:

1. Lessor does hereby lease, demise, and let unto Lessee, and Lessee does hereby lease and rent from Lessor, those certain premises located in Skamania County, Washington, described as that portion of the N E 1/4 of N E 1/4 of Section 26 TS, lying to the east of Forest Service Road consisting of approximately 3 acres - hereinafter referred to as the property.

TERM:

2. The term of this lease shall be for the period beginning on September 1, 1972 and ending June 1, 2025.

RENT FOR PROPERTY:

3. Lessee covenants and agrees to pay Lessor, as and for rental for the leased premises referred to as the Property, the percentages as set forth below as computed for the periods as set forth below, of Lessee's gross receipts, as defined in Section 3.04 of Master Lease #58985 between Lessor and State of Washington, made in, on, or from

Store

the leased premises during each lease year during the term hereof; provided, however, that should computed percentage rental for any calendar year be less than the sum of \$1,000.00, Lessee shall, in lieu of said percentage rental, pay to Lessor the sum of \$1,000.00 plus five percent (5%) of gross receipts for such lease year. Rent readjustments shall be as per Section 2.01 of Water Front Recreation Cabin Site Lease --no readjustment for percentages.

A. Said percentage to be as follows:

1. For the term of lease, ten percent (10%) of the gross receipts.

B. Said rent shall be payable as follows:

1. The first such payment covering the lease year September 1, 1975 through August 31, 1976, shall be payable on or before September 1, 1975. Subsequent payments shall be due and payable on the first day of September of each and every lease year thereafter during the term of the lease. The last such payment shall be due and payable on or before September 1, 2024, or in the event this lease is terminated as herein provided prior to the expiration of the term hereof, within thirty (30) days after the date of said termination.

C. Lessee shall:

1. Concurrently with each payment of percentage rental as herein provided, submit to Lessor a statement certified by Lessee as to its correctness showing Lessee's gross receipts, as such term is hereinafter defined, made during the lease year to which rental applies.

D. Gross receipts defined:

1. The term "gross receipts" as used herein is hereby as defined in Section 3.04 of Master Lease #58985 between Lessor and State of Washington.

E. At all times during the term hereof, or any extension, Lessee shall keep and maintain at the premises, books of account that accurately reflect all of Lessee's gross sales made at or from the premises. Lessor and his duly authorized accountants, attorneys, or other representatives shall have the right during each year of this lease, plus a period of 60 days thereafter, to inspect and audit at reasonable times during business hours the sales books, sales records, and sales tax returns of Lessee applicable to the gross receipts of such lease year and to make copies thereof.

F. Lease year defined:

For the purposes hereof, a lease year shall be defined as the twelve (12) month period commencing September 1, and ending August 31, of each year during the term hereof.

✓ USE:

4. Lessee shall use the leased premises during the term of this lease for a general merchandise grocery store and a laundromat, and for a gasoline sales service station business, coin operated machines, trailer space and any other uses as agreed upon in writing between Lessor and Lessee, and not otherwise.

✓ PAYMENTS:

5. All rent and other payments made to Lessors shall be made to Lessor, WATER FRONT RECREATION INC., at Box 603, Beaverton, Oregon, or to such other persons or at such other places as may be designated by Lessor from time to time.

✓ UTILITIES:

6. Lessee agrees to pay, before delinquency, all charges for gas, electricity, heat, light, power, telephone and other public services

used by Lessee upon the leased premises; also all license fees which may be imposed by reason of the lease by Lessee of said premises.

In addition to the rental hereof, Lessee shall pay to Lessor the sum of two Association water hookups and monthly dues per month for water provided. In any period of water shortage the Lessee agrees to be the first to have amount of water reduced.

TAXES AND ASSESSMENTS:

7. Lessee shall, and agrees to, pay all taxes, assessments and charges that may be levied against the lands, buildings, and improvements herein leased. Lessee shall and agrees to, pay all taxes, assessments, and charges on its personal property and equipment on the leased premises.

LESSEE AGREES:

8. a. To keep the premises and property on which the premises are situated free from any liens arising out of any work performed, or any materials furnished, or obligations incurred by, or for, Lessee.

b. Not to vacate or abandon the premises during the term; and if Lessee does so, or surrenders such premises or is dispossessed by process of law or otherwise, any personal property belonging to Lessee left on the premises shall be deemed to be abandoned, at Lessor's option, or may be stored elsewhere at Lessee's expense.

c. Not commit or suffer to be committed, any waste, or nuisance, or any alterations of the premises, or any part thereof, without Lessor's prior written consent. Any additions or alterations, except movable furniture and trade fixtures, shall become at once a part of the realty and belong to Lessor, provided, that by notice given at least thirty (30) days prior to the end of the term, Lessor may at his option

require Lessee to restore the premises or any part thereof to their condition at the commencement of the term.

d. Not use or permit said premises or any part thereof to be used for any purpose other than the purpose for which said premises are leased as hereinbefore specified; and no use shall be made thereof, nor acts done, which would increase the existing rate of insurance upon the improvements thereon, or void any such insurance, or cause cancellation thereof; nor shall Lessee sell, or permit to be kept, used or sold in or about the premises, any article which may be prohibited by the standard form of fire insurance policy except that Lessee shall be allowed to sell gasoline at the gas station. Lessee shall, at his sole expense, comply with all requirements pertaining to said premises of any insurance carrier, necessary for maintenance of reasonable fire and public liability insurance covering said premises.

e. At its sole cost, keep every part of the premises in good and sanitary order, condition, and repair, to the reasonable satisfaction of Lessor.

/ 9. Lessee further agrees:

a. To assume all risk of damages to property in or about the premises from any cause and to whomever belonging, and if injuries to or death of persons in or about said premises, from any cause including Lessor's negligence or breach thereof, and waives all claims in respect thereof against Lessor and agrees to defend and save Lessor harmless from and against any such claim, damages, death or injury. Lessee shall, during the term hereof, keep Lessee's property located in the demised premises insured against loss or damages by fire (including extended coverage) in companies satisfactory to Lessor, in an amount equal to the full replacement

value of such property, by policies providing that Lessee's insurer shall not acquire by subrogation any right of recovery which Lessee has expressly waived in writing prior to the occurrence of the loss.

b. To keep in force during the term hereof at Lessee's expense, public liability and property damage insurance in companies satisfactory to Lessor against any liability to the public incident to the use of or resulting from any accident occurring in or about the premises in minimum amounts of \$100,000-\$300,000-\$50,000. The same shall insure the contingent liability of Lessor, and the policies or certificates, endorsed "premium paid", shall be deposited with Lessor; and Lessee shall obtain the written agreement of the insurers to notify Lessor in writing thirty (30) days prior to any cancellation. Lessee agrees that if he does not keep such insurance in full force and effect, Lessor may, but is not obligated to, take out such insurance and pay the premiums thereof at Lessee's expense and repayable on demand.

c. If suit be brought for unlawful detainer of the premises, to recover rent due hereunder, or because of breach of any covenant herein on the part of the Lessee to be performed, Lessee will pay Lessor's attorney's fee. Upon the filing of any action for unlawful detainer, the court in which such action is pending may appoint a receiver without notice to take possession of the premises and collect any rent that may be or become due from any subtenant and to hold the same during the pendency of said action.

d. Either (i) appointment of a receiver (except as mentioned in paragraph (d) above) to take possession of all or substantially all of the assets of Lessee, whose appointment is not vacated within sixty (60) days, or (ii) a general assignment by Lessee for the

benefit of creditors or (iii) any action taken or suffered by Lessee under any insolvency or bankruptcy act shall terminate this lease, and Lessor shall be entitled to damages as provided upon a termination under paragraph (f) hereof.

e. Upon breach of this lease by Lessee, then Lessor besides other rights or remedies he may have, shall have the immediate right of re-entry and may remove all persons and property from the premises; such property may be stored in a public warehouse or elsewhere at the cost of and for the account of Lessee. Should Lessor elect to re-enter, as herein provided, or take possession pursuant to legal proceedings or any notice, provided for by law, he may either terminate this lease, relet the premises or any part thereof for such term or terms (which may extend beyond the term hereof) and at such rentals and upon such other terms as Lessor in his sole discretion may deem advisable with the right to make alterations and repairs to said premises; upon each such reletting (i) Lessee shall be immediately liable to pay to Lessor, in addition to indebtedness other than rent due hereunder, the cost of such reletting and of such alterations and repairs, incurred by Lessor, and the amount by which the rent hereunder for the period of such reletting (to the end of the term hereof) exceeds the amount agreed to be paid as rent for the premises for such period on such reletting; or (ii) at the option of Lessor rents received from such reletting shall be applied: first, to payment of indebtedness other than rent due hereunder from Lessee to Lessor; second, to the payment of costs of such reletting and of such alterations and repairs; third, to payment of rent due and unpaid hereunder; and the residue, if any, shall be held by Lessor and applied in payment of future rent as the same becomes due hereunder. If Lessee has been credited with any rent to be received by such reletting under

option (1), and such rent shall not be promptly paid to Lessor by the new tenant, or if such rentals received from such reletting under option (11), during any month be less than that to be paid during that month by Lessee hereunder, Lessee shall pay any such deficiency to Lessor.

Such deficiency shall be calculated and paid monthly. No re-entry or taking possession of said premises by Lessor shall be construed as an election on his part to terminate this lease unless a written notice of such intention be given to Lessee or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such reletting without termination, Lessor may at any time thereafter elect to terminate this lease for such previous breach. Should Lessor at any time terminate this lease for any breach, in addition to any other remedy he may have, he may recover from Lessee all damages he may incur by reason of such breach, including the cost of recovering the premises, and including the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to rent reserved in this lease for the remainder of the stated term over the then reasonable rental value of the premises for the remainder of the stated term, all of which amounts shall be immediately due from Lessee to Lessor.

f. Surrender of this lease by Lessee, or mutual cancellation thereof, shall not work a merger, but shall at the option of Lessor, terminate all or any existing sub-lease or subtenancies, or may at the option of Lessor, operate as an assignment to him of any or all such subleases or subtenancies.

g. This lease shall be subordinate to any mortgage or deed of trust which has been or is placed on the land or building of which the premises are a part. The holder of such mortgage or deed of

trust may at his option preserve this lease in connection with any enforcement thereof, and Lessee agrees to attorn to the purchaser at any foreclosure sale thereunder.

h. Lessor shall be relieved from all obligations hereunder upon transfer of title to the property subject thereto to another, who shall be subject to the Lessor's obligations hereunder. If any security be given by Lessee to secure performances of this lease, Lessor may transfer the security to such transferee of title of the property subject hereto, and thereupon Lessor shall be discharged from further liability therefor.

i. That Lessor shall not be required to make any repairs, alterations, additions, or improvements to or upon the leased premises during the term of this lease.

CONDUCT OF BUSINESS:

10. Lessee agrees that it will at all times maintain and conduct its said business insofar as the same relates to Lessee's use and occupancy of the demised premises, in a lawful manner, and in strict compliance with all governmental rules, laws and regulations and orders as may be applicable to the business of Lessee conducted in or upon the demised premises, and the Lessee and his employees shall conform to and observe such reasonable rules and regulations as Lessor may from time to time promulgate and establish for the conduct and regulation of business.

Lessee agrees that, except as prevented by strikes, labor disputes, fire, earthquake, explosion, flood, riot, rebellion, act of public enemy, act of God or other public authority, or other causes beyond the control of Lessee, whether similar or dissimilar to those above mentioned, he will during the term of this lease, conduct in demised premises as as usual, business in good faith, with facilities, fixtures,

employees and adequate merchandise and facilities and will exploit and develop his business in the whole of demised premises in such manner as to produce the maximum total gross receipts consistent with sound business practice. Lessee further agrees to and shall during the entire lease term, and any extensions thereof, keep the leased premises open for business at least six days a week and at least six hours per day, from April 15th to November 15th. The Water Front Recreation Cabin Site Lease and State of Washington Lease #58985 is incorporated in and made part of this Lease.

WATER FRONT RECREATION INC.

By *R. M. Smith*
V-PRES

James E. Gipe
Lessor Secretary - Treasurer

JAMES and NEOMIK GIPE

By *James V. Gipe*
Neomik A. Gipe
Lessee