

MORTGAGE

This is a mortgage from CRATER LAKE LODGE, INC., an Oregon corporation, hereinafter called the Concessioner, in favor of UNITED STATES NATIONAL BANK OF OREGON, a national banking association, hereinafter called the Bank.

On December 20, 1967, the United States of America, acting by the Secretary of the Interior and through Edward A. Hummel, Assistant Director, National Park Service, and Concessioner entered into Concession Contract No. 14-10-9-900-69 which authorized the Concessioner to provide concession facilities and services for the public at Crater Lake National Park for a period of 30 years from November 1, 1967 through October 1, 1997. Said Concession Contract has been amended three times. Reference to the Contract below means the Concession Contract as amended.

Said Contract provides that Concessioner may mortgage its assets located in Crater Lake National Park for the purpose of installing, enlarging, or improving plant and equipment, and extending facilities for the accommodation of the public in the Park. Concessioner now wishes to borrow \$400,000 for that purpose.

Now, therefore, in consideration of a loan by the Bank to Concessioner in the amount of \$400,000 represented by a two promissory notes dated contemporaneously herewith bearing interest at 7 & 7 1/2% per annum and payable as follows: July 31, 1972.

Concessioner hereby mortgages to the Bank (or conveys to the Bank a security interest as the case may be) in and to all property and improvements presently located within the Park and described on Exhibit A attached hereto, plus all property and improvements

to be brought into or constructed within the Park and described on Exhibit B attached hereto. All property and improvements described on Exhibits A and B are hereinafter called the "Property." The lien hereof shall automatically apply to all property and improvements described on Exhibit B as soon as said property and improvements are brought into or constructed within the Park.

This mortgage shall secure the payment of the note referred to above plus any extensions and renewals thereof and is made on the following terms and conditions:

1. Terms Subject to Concession Contract.

In all respects this mortgage is being executed and delivered by Concessioner to Bank subject to and limited by all the terms and conditions of the Concession Contract referred to in the preamble. The Bank, by its acceptance hereof, agrees that its rights hereunder are subject to and limited by the terms of said Contract.

2. Purpose of Loan.

Concessioner agrees to use all of the proceeds of the loan for the purpose of installing, enlarging or improving plant and equipment, and extending facilities for the accommodation of the public in Crater Lake National Park, as required by Section 13 of the Contract, and further agrees to construct or complete construction of any and all improvements at the time and in the manner required by the Contract.

3. Possession and Maintenance of the Property.

Until in default, Concessioner shall remain in possession and control of the Property and shall be free to operate and manage the Property and receive the proceeds of operation. The Property shall be maintained in good condition at all times. Concessioner shall promptly make all necessary repairs, replacements and renewals so that the value of the Property shall be maintained,

and shall not commit or permit any waste on the Property. Concessioner shall comply with all laws, ordinances, regulations and private restrictions affecting the Property.

Concessioner shall operate the Property in such manner as to prevent deterioration of the land and improvements including fences, except for reasonable wear and tear from proper use. Concessioner shall not demolish or remove any improvement from the Property without the written consent of Bank.

4. Taxes and Liens.

Concessioner shall pay before they become delinquent all taxes and assessments levied against or on account of the Property, and shall pay as due all claims for work done on or for services rendered or material furnished to the Property. Concessioner shall maintain the Property free of any liens having priority over or equal to the interest of the Bank under this mortgage.

5. Insurance.

Concessioner shall carry such insurance as the Bank may reasonably require. This shall include insurance on the Property against fire, additional risks covered by a standard endorsement for extended coverage, and such other risks as may be specified by the Bank. Insurance on the Property shall be carried in companies and under policies approved by the Bank and shall be for an amount equal to the remaining unpaid portion of the indebtedness or the full insurable value of the Property, whichever is less, and in an amount sufficient to comply with any coinsurance provision in any policy.

All policies of insurance on the Property shall bear an endorsement in a form satisfactory to the Bank making loss payable to the Bank and shall be deposited with the Bank. In the event of loss, Concessioner shall immediately notify the Bank, who

may make proof of loss if it is not made promptly by Mortgagor. Proceeds shall be paid directly to the Bank which may compromise with any insurance company and make a final settlement which shall be binding upon Concessioner. The Bank may, at its election, apply the proceeds to the reduction of the indebtedness or the restoration or repair of the Property.

At least 30 days prior to the expiration of any policy, a satisfactory renewal or substitute policy shall be secured by Concessioner.

6. Expenditures by the Bank.

If Concessioner shall fail to comply with any provision of this mortgage, the Bank may, at its option, on Concessioner's behalf, take the required action and any amount that it expends in so doing shall be added to the indebtedness secured hereby. Amounts so added shall be payable on demand with interest at 10% per annum from the date of expenditure. The rights provided in this paragraph shall be in addition to any other rights or any remedies to which the Bank may be entitled on account of the default, and the Bank shall not by taking the required action cure the default so as to bar it from any remedy that it otherwise would have had.

7. Late Payment Penalty.

If any payment under the note is late by 15 days or more, the Bank may charge a penalty up to two cents for each dollar of payment so in arrears to cover the extra expense involved in handling delinquent payments. Collection of a late payment charge shall not constitute a waiver of or prejudice the Bank's right to pursue any other right or remedy available on account of the delinquency.

8. Transfer by Concessioner.

Concessioner shall not, without the prior written consent of the Bank, transfer Concessioner's interest in the Property, whether

or not the transferee assumes or agrees to pay the indebtedness. If Concessioner or a prospective transferee applies to the Bank for consent to such a transaction, the Bank may require such information concerning the transferee as would normally be required from a new loan applicant. The Bank shall not unreasonably withhold its consent.

As a condition of its consent to any transfer, the Bank may in its discretion impose a service charge not exceeding one percent of the original amount of the indebtedness, and may increase the interest rate of the indebtedness by not more than one percent per annum.

No transfer by Concessioner shall relieve Concessioner of liability for payment of the indebtedness secured hereby. Following a transfer, the Bank may agree to any extension of time for payment or modification of the terms of this mortgage or the promissory note or waive any right or remedy under this mortgage or the promissory note without relieving Concessioner from liability. Concessioner waives notice, presentment and protest with respect to the indebtedness.

9. Security Agreement; Financing Statements.

This instrument shall constitute a security agreement with respect to any personal property included within the description of the Property.

Concessioner shall join with the Bank in executing one or more financing statements under the Uniform Commercial Code and shall file the statements at Concessioner's expense in all public offices where filing is required to perfect the security interest of the Bank in any personal property under the Uniform Commercial Code.

10. Default.

The following shall constitute events of default:

(a) Failure of Concessioner to pay any portion of the indebtedness when it is due.

(b) Failure of Concessioner within the time required by this mortgage to make any payment for taxes, insurance, or mortgage insurance premiums or for reserves for such payments, or any payment necessary to prevent filing of or discharge any lien.

(c) Failure of Concessioner to perform any other obligation under this mortgage within 20 days after receipt of written notice from the Bank specifying the failure.

(d) Failure of Concessioner to comply with all terms of the Concession Contract referred to in the preamble.

11. Rights and Remedies on Default.

Upon the occurrence of any event of default and at any time thereafter, the Bank may exercise any one or more of the following rights and remedies:

(a) The right at its option by notice to Concessioner to declare the entire indebtedness immediately due and payable.

(b) With respect to all or any part of the Property that constitutes realty, the right to foreclose by judicial foreclosure in accordance with applicable law.

(c) With respect to all or any part of the Property that constitutes personalty, the rights and remedies of a secured party under the Uniform Commercial Code.

(d) The right, without notice to Concessioner, to take possession of the Property and collect all rents and profits, including those past due and unpaid, and apply the net proceeds, over and above the Bank's costs, against the indebtedness secured hereby. In furtherance of this right the Bank may require any subconcessioner or other user to make payments of rent or use fees directly to the Bank; and payments by such subconcessioner or user to the Bank in response to its demand shall satisfy the

obligation for which the payments are made, whether or not any proper grounds for the demand existed.

(e) Any other right or remedy provided in this mortgage or the promissory note evidencing the indebtedness.

A waiver by either party of a breach of a provision of this agreement shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. Election by the Bank to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Concessioner under this mortgage after failure of Concessioner to perform shall not affect the Bank's right to declare a default and exercise its remedies under this paragraph 11.

In the event suit or action is instituted to enforce any of the terms of this mortgage, the Bank shall be entitled to recover from Concessioner such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal. All reasonable expenses incurred by the Bank that are necessary at any time in the Bank's opinion for the protection of its interest or the enforcement of its rights, whether or not any court action is involved, shall become a part of the indebtedness payable on demand and shall bear interest at the rate of 10% per annum from the date of expenditure until repaid.

12. Notice.

Any notice under this mortgage shall be in writing and shall be effective when actually delivered or, if mailed, when deposited as registered or certified mail directed to the address set forth below:

Crater Lake Lodge, Inc.
Crater Lake, Oregon 97604

United States National Bank
of Oregon
321 S. W. Sixth Avenue
Portland, Oregon 97208

5021

13. Succession; Terms.

Subject to the limitations stated in this mortgage on transfer of Concessioner's interest, this mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns.

IN WITNESS WHEREOF, CRATER LAKE LODGE, INC. has affixed its signature this 28th day of October, 1971.

CRATER LAKE LODGE, INC.

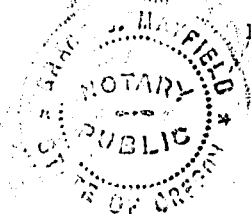
By John A. Elorriaga
Vice President and Secretary

STATE OF OREGON)
) ss.
County of Multnomah)

October 28th, 1971

Personally appeared John A. Elorriaga, who, being duly sworn, did say that he is a Vice President and Secretary of ~~United States Federal Bank of Oregon, a national banking association~~ ^{Crater Lake Lodge, Inc.} ~~that the seal affixed to the foregoing instrument is the seal of said national banking association~~ ^{corporation}, and that said instrument was signed and sealed in behalf of said ~~bank~~ ^{corporation} by authority of its board of directors; and he acknowledged said instrument to be its voluntary act and deed.

Before me:



Grace C. Mayfield
Notary Public for Oregon
My Commission Expires: June 6, 1973

The foregoing mortgage approved this 28th day of April, 1971.

UNITED STATES OF AMERICA

By Lawrence C. Bailey
Assistant Director
National Park Service

EXHIBIT A TO MORTGAGE FROM CRATER
LAKE LODGE, INC. TO UNITED STATES
NATIONAL BANK OF OREGON

(Describe all property and improvements which are presently located in Crater Lake National Park and which could be classified as "concessioner improvements" under paragraph 5 of Concession Contract whether permanently affixed to real property or not. Also describe all equipment furnished by Crater Lake Lodge, Inc.)

Description of Improvement
or Equipment

Location of Improvement
or Equipment within
Crater Lake National Park

- LODGE - A one hundred and fifty room four-story frame structure lodge which is located on the Rim at the east end of the parking lot at Rim Village. The lodge has seventy-nine rentable rooms, housing for one hundred and fifty employees, as well as a lobby, cocktail lounge and dining room. The basement contains storage space for food, both dry and refrigerated, laundry and storage of usable supplies and repair materials.
- CAFETERIA AND STORE BUILDING - This two-story frame structure building with a partial basement is located at the west end of the parking lot at Rim Village and is set back from the Rim approximately one hundred yards. This building contains storage space for perishable groceries and gift shop merchandise as well as a cafeteria, grocery store, gift shops, fountain and cocktail lounge.
- BOAT FACILITIES - Two drydocks, each approximately one hundred and ten feet in length are maintained on Wizard Island within the caldera. Two sixty-passenger launches and two thirty-passenger launches and numerous rowboats are drydocked there each winter. One of the buildings has complete boat building facilities for both new construction and maintenance. Floating docks are also maintained at Wizard Island and Cleetwood Cove.
- SERVICE STATION - We have a complete two-island station located at Park Headquarters handling Standard Oil Products. An employees' dormitory is located at Steel Circle in Munson Valley to house the employees who work at the service station and the boats.

5023

EXHIBIT B TO MORTGAGE FROM CRATER
LAKE LODGE, INC. TO UNITED STATES
NATIONAL BANK OF OREGON

(Describe all property and improvements which at some time in the future are to be located in Crater Lake National Park pursuant to the Concession Contract and which could be classified as "concessioner improvements" under paragraph 5 of said Contract whether to be permanently affixed to real property or not. Also describe all equipment to be furnished by Crater Lake Lodge, Inc. pursuant to said Contract.)

Description of
Improvement or
Equipment

Proposed Location of
Improvement or Equipment
within Crater Lake
National Park

All improvements to existing structures as shown on Exhibit A plus any additional improvements that may be constructed at a future date.

STATE OF OREGON,
County of Klamath

Filed for record at request of

U S NATIONAL BANK OF OREGON PORTLAND BR

on this 11th day of MAY A.D. 19 72

at 11:32 o'clock A.M. and duly

recorded in Vol. M 72 of MORTGAGES

P ap 5014

Wm D. MILNE, County Clerk

By *[Signature]* Deputy.

\$20.00

CR