

## LEASE EXTENSION AND AMENDMENT AGREEMENT

THIS LEASE EXTENSION AND AMENDMENT AGREEMENT is entered into as of November 1, 2012 by FRONT AVENUE II LLC, an Oregon limited liability corporation (“Lessor”) and HAMPTON TREE FARMS, INC. DBA HAMPTON LUMBER SALES COMPANY, an Oregon corporation (“Lessee”).

### RECITALS

- A. Lessor is the successor to the original Lessor and Lessee is the successor to the original Lessee under that certain lease dated May 25, 1994 between EMERY NEIL ZIDELL TRUST, as original Lessor, and HAMPTON LUMBER SALES CO., as original Lessee, as amended by that certain Lease Addendum dated as of August 1, 1994, that certain Lease Extension and Amendment Agreement dated as of November 1, 2002 and that certain Lease Extension and Amendment Agreement dated as of November 1, 2007, pertaining to certain real property located at 4950 NW Front Avenue, Portland, Oregon, 97210 (the “Lease”).
- B. Lessee has exercised and completed the second of its two extension options as set forth in Section 2.3 of the Lease.

### AGREEMENT

1. Term. The term of the Lease is hereby extended for ten (10) years commencing November 1, 2012 and continuing through October 31, 2022 (the “2012-2022 Extension Term”).
2. Rent. Lessee shall pay to Lessor base rent during the 2012-2022 Extension Term in the amounts of:
  - (a) Thirty Three Thousand Dollars and 00/100 (\$33,000.00) during the period commencing November 1, 2012 through April 30, 2015;
  - (b) Thirty Four Thousand Nine Hundred Eighty Dollars and 00/100 (\$34,980.00) during the period commencing May 1, 2015 through October 31, 2017;
  - (c) Thirty Seven Thousand Seventy Eight Dollars and 00/100 (\$37,078.00) during the period commencing November 1, 2017 through April 30, 2020;

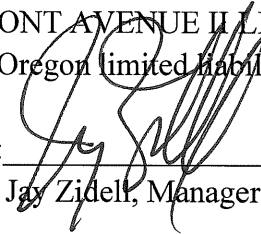
- (d) Thirty Nine Thousand Three Hundred Three Dollars and 00/100 (\$39,303.00) during the period commencing May 1, 2020 through October 31, 2022.
3. Extension Term. If the Lessee is not in default under this Lease, Lessee shall have the option to extend this Lease for one (1) term of five (5) years commencing November 1, 2022 through October 31, 2027 (the "2022-2027 Extension Term"). The 2022-2027 Extension Term shall commence on the day following the date of termination of the preceding term. The option may be exercised by giving written notice to Lessor no less than one hundred eighty (180) days prior to the expiration date of the expiring term. The giving of notice shall be sufficient to make the Lease binding for the 2022-2027 Extension Term without further acts of the parties. The 2022-2027 Extension Term shall be on the same terms and conditions of this Lease as the initial term. If the 2022-2027 Extension Term is not properly exercised, the Lease shall terminate and be of no further force and effect as of the expiration or earlier termination of the preceding term. The 2022-2027 Extension Term calendar monthly rental shall be as follows:
- (a) Forty One Thousand Six Hundred Sixty One Dollars and 00/100 (\$41,661.00) during the period commencing November 1, 2022 through April 30, 2025;
- (b) Forty Four Thousand One Hundred Sixty Dollars and 00/100 (\$44,160.00) during the period commencing May 1, 2025 through October 31, 2027.
4. Liability Insurance. Section 9.1 of the Lease shall be amended to read as follows: Lessee shall continuously maintain at its sole expense, auto and comprehensive general liability insurance with limits of liability not less than Five Million Dollars (\$5,000,000) for bodily injury to one person, Five Million Dollars(\$5,000,000) for bodily injury in the aggregate, and Five Million Dollars (\$5,000,000) for property damage. Such insurance shall name the Lessor as an additional named insured and shall contain a contractual liability endorsement. Lessee shall also maintain workers' compensation insurance that complies with State of Oregon and federal requirements, where applicable. Lessee shall also maintain such other insurance on Lessee's operation as Lessor may reasonably require during the lease term. The policies shall be in form, amounts, and with companies reasonably acceptable to Lessor. Certificates evidencing such insurance and bearing endorsements requiring ten (10) days' written notice to Lessor prior to any change or cancellation shall be furnished to Lessor prior to Lessee's occupancy of the Property.
5. Property Damage Insurance. Section 9.2 of the Lease shall be amended to read as follows: Lessee shall be responsible for insuring the Property, buildings, and all of its personal property, equipment and trade fixtures located on the Property. The

improvements will be covered by property damage insurance covering all risks of physical loss or damage (which are customarily obtainable at commercially reasonable rates), on a replacement cost basis and in an amount sufficient to avoid the application of any coinsurance clause. Lessor shall be named as a loss payee on such insurance policy with respect to any real or personal property owned by Lessor. The policies shall be in form, amounts, and with companies reasonably acceptable to Lessor. Certificates evidencing such insurance and bearing endorsements requiring ten (10) days' written notice to Lessor prior to any change or cancellation shall be furnished to Lessor prior to Lessee's occupancy of the Property.

6. Continued Effect. Except as otherwise expressly modified by this instrument, each of the terms and provisions of the Lease shall continue in full force and effect.


LESSOR:

FRONT AVENUE II LLC,  
an Oregon limited liability corporation

By:   
Jay Zidell, Manager

LESSEE:

HAMPTON TREE FARMS, INC. DBA  
HAMPTON LUMBER SALES COMPANY,  
an Oregon corporation

By:   
Mike Phillips, President

## LEASE EXTENSION AND AMENDMENT AGREEMENT

THIS LEASE EXTENSION AND AMENDMENT AGREEMENT is entered into as of November 1, 2007 by FRONT AVENUE III LIMITED PARTNERSHIP, an Oregon limited partnership ("Lessor") and HAMPTON LUMBER SALES COMPANY, an Oregon corporation ("Lessee").

### RECITALS

A. Lessor is successor to the original Lessor and Lessee is successor to the original Lessee under that certain lease dated May 25, 1994 between EMERY NEIL ZIDELL TRUST, as original Lessor, and HAMPTON LUMBER SALES CO., as original Lessee, pertaining to certain real property located at 4950 NW Front Avenue, Portland, Oregon, 97210 (the "Lease").

B. Lessee has exercised the second of its two extension options as set forth in Section 2.3 of the Lease.

### AGREEMENT

1. Term. The term of the Lease is hereby extended for five (5) years commencing November 1, 2007 and continuing through October 31, 2012 (the "Second Extension Term").
2. Rent. Lessee shall pay to Lessor base rent during the Second Extension Term in the amount of Twenty Five Thousand Four Hundred Ten Dollars and 00/100 (\$25,410.00) during the period commencing November 1, 2007 through October 31, 2012.
3. Continued Effect. Except as otherwise expressly modified by this instrument, each of the terms and provisions of the Lease shall continue in full force and effect.

LESSOR:


FRONT AVENUE III LIMITED PARTNERSHIP,  
an Oregon limited partnership

By: FRONT AVENUE CORPORATION,  
general partner

By:   
\_\_\_\_\_  
Jay Zidell, President

LESSEE:

HAMPTON LUMBER SALES COMPANY,  
an Oregon corporation

By:   
\_\_\_\_\_  
Mike Phillips, President

## Mary Stoltenburg

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**From:** Mary Stoltenburg  
**Sent:** Thursday, October 11, 2007 8:52 AM  
**To:** Mike Pariera  
**Cc:** manorby@stoel.com  
**Subject:** Front Street Lease Extension - signed document  
**Attachments:** Front Street Lease Renewal Oct 2007.pdf

Mike and Mark

Here is a scanned copy of the Front Street Lease Extension and Amendment Agreement effective November 1, 2007.

Mary Stoltenburg  
Administrative Assistant  
Hampton Affiliates - Corporate Office  
Phone# 503-203-6507, Fax# 503-203-6618



# THE ZIDELL COMPANIES

3121 S.W. Moody Avenue, Portland, Oregon 97239  
(503) 228-8691 / (800) 547-9259  
FAX: (503) 228-6750

October 9, 2007

Mr. Mike Phillips, President  
Hampton Lumber Sales Company  
9600 SW Barnes Road, Suite 200  
Portland OR 97225

Dear Mike,

Enclosed please find two partially executed copies of our Lease Extension and Amendment Agreement. Please return one original fully executed copy to my attention.

I will be in touch with you to discuss your request for additional lease extension terms.

Best regards,



Jay Zidell  
President

JNZ/jpb

Enclosures

## LEASE EXTENSION AND AMENDMENT AGREEMENT

**THIS LEASE EXTENSION AND AMENDMENT AGREEMENT** is entered into as of November 1, 2002, by **FRONT AVENUE II LIMITED PARTNERSHIP**, an Oregon limited partnership (“**Lessor**”) and **HAMPTON LUMBER SALES COMPANY**, an Oregon corporation (“**Lessee**”).

### RECITALS

A. Lessor is successor to the original Lessor and Lessee is the successor to the original Lessee under that certain lease dated May 25, 1994 between **EMERY NEIL ZIDELL TRUST**, as original Lessor, and **HAMPTON LUMBER SALES CO.**, as original Lessee, pertaining to certain real property located at 4950 NW Front Avenue, Portland, Oregon, 97210 (the “**Lease**”).

B. Lessee has exercised the first of its two extension options as set forth in Section 2.3 of the Lease. In addition to reflecting the extension of the lease term, the parties wish to amend the Lease in certain respects.

### AGREEMENTS

1. Term. The term of the Lease is hereby extended for five (5) years commencing November 1, 2002 and continuing through October 31, 2007 (the “**First Extension Term**”). Lessee has the right to one additional five (5) year extension term in accordance with the terms and provisions of Section 2.3 of the Lease.

2. Rent. Lessee shall pay to Lessor base rent during the First Extension Term in the amount of Nineteen Thousand Seven Hundred Seventy-Six Dollars and 90/100 (\$19,776.90) during the period commencing November 1, 2002 through April 30, 2005, and in the amount of Twenty-Three Thousand One Hundred Dollars and 00/100 (\$23,100.00) per month commencing May 1, 2005 through October 31, 2007.

3. Wharfage. Lessee has previously waived the right to use of Lessor’s wharf. Accordingly, Sections 2.2 and 3.4 are hereby deleted from the Lease.

4. Permitted Use. Section 3.1 of the Lease is hereby amended to read as follows:

3.1 Permitted Use. Lessee may use the Property for any purposes permitted by applicable governmental laws and regulations; provided, however, Lessee may not use the Property for any use other than storage and movement of lumber and building materials if such use is in competition with the business of Tube Forgings of America, Inc., Zidell Marine Corporation or other Zidell affiliated companies.

5. Maintenance of Rail Track. The following provisions are hereby added to Section 3.3 of the Lease: “Lessee shall provide to Lessor written notice prior to commencement of any rail track repairs. Lessor will reimburse Lessee for a prorata portion of the reasonable costs of such



repairs to the portion on the rail track that provides rail access to the Property from across Front Avenue (but not for any track internal to the Property) based upon the number of rail cars of parties other than Lessee using the rail track compared to the total number of cars of both Lessee and such other parties during the prior twelve (12) month period. Such reimbursement shall be paid after the end of the calendar year in which the repairs are made within thirty (30) days after billing by Lessee to Lessor.”

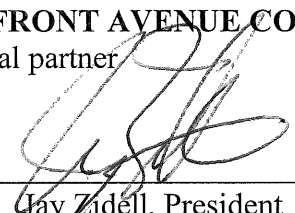
6. Subleasing. The following provision is hereby added to Section 11.2: “Lessee may sublet all or any portion of the Property subject to Lessor’s prior written approval, which approval shall not be unreasonably withheld. In the event of any such approved sublease, Lessee shall continue to be liable under this Lease.”

7. Continued Effect. Except as otherwise expressly modified by this instrument, each of the terms and provisions of the Lease shall continue in full force and effect.

**LESSOR:**


**FRONT AVENUE II LIMITED PARTNERSHIP,**  
an Oregon limited partnership

By: **FRONT AVENUE CORPORATION,**  
general partner

By:   
Jay Zidell, President

**LESSEE:**

**HAMPTON LUMBER SALES COMPANY,**  
an Oregon corporation

By:   
Mike Phillips, President

LEASE ADDENDUM

This Lease Addendum effective August 1, 1994, is by and between the Emery Neil Zidell Trust ("Lessor") and Hampton Lumber Sales Company ("Lessee") and is an addendum to that lease between the parties dated May 25, 1994, for Property located at 4950 N.W. Front Avenue, Portland, Oregon 97210 (the "Lease").

WITNESSETH

WHEREAS, Lessor and Lessee entered into the Lease, whose term is specified to commence September 15, 1994; and

WHEREAS, Lessee desires to occupy the Property and possibly use Lessor's wharf located on or adjacent to the Property before September 15, 1994; and

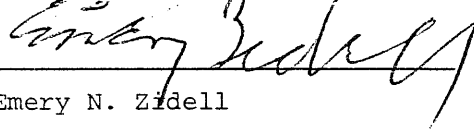
WHEREAS, Lessor is agreeable to Lessee's early occupancy of the Property and possible use of the wharf.

NOW THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged hereby, the parties agree as follows:

- (1) Lease paragraph 1 Term: Possession; subparagraph 1.1, Term, is hereby amended to provide that the Lease term shall commence on August 1, 1994, extending through October 31, 2002. The Lease shall, thus, become effective as of August 1, 1994.
- (2) To the extent not otherwise specifically amended herein, all terms and provisions of the Lease shall remain as agreed to and continue in full force and effect.

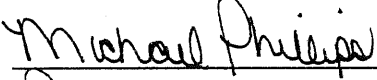

IN WITNESS WHEREOF, the parties hereto have executed this Lease Addendum as of the day and date first set forth above.

EMERY NEIL ZIDELL TRUST

By:   
Name: Emery N. Zidell

Title: Trustee

HAMPTON LUMBER SALES CO.

By:   
Name:  Michael Phillips

Title: President

LEASE

DATED: May 25, 1994

BETWEEN: EMERY NEIL ZIDELL TRUST  
3121 S.W. Moody Avenue  
Portland, OR 97201

LESSOR

AND: HAMPTON LUMBER SALES CO.  
9400 N.W. Barnes Rd., Suite 400  
Portland, OR 97225-6698

LESSEE

Lessee wishes to lease from Lessor the following premises (the "Property") located in Multnomah County, State of Oregon and described as follows:

Certain real property and the buildings and other improvements located at:

4950 N.W. Front Avenue  
Portland, OR 97210

more particularly described in Exhibit A.

NOW, THEREFORE, Lessor hereby leases the Property to Lessee on the following terms:

1. Term; Possession.

1.1 Term. The lease term shall commence on September 15, 1994 and continue through October 31, 2002.

1.2 Acceptance of Property. Lessee has inspected and accepts the land and Property in its present condition. Lessor shall not be required to perform any work to ready the Property for Lessee's occupancy.

2. Rental.

2.1 Lessee shall pay to Lessor as rent for the use of the Property and without previous demand therefore base rent of (i) TEN THOUSAND DOLLARS (\$10,000) per month, for

October, November and December, 1994; (ii) thereafter TWENTY THOUSAND AND NO/100 DOLLARS (\$20,000.00) per calendar month, due and payable upon the first day of each calendar month through September 30, 1997; (iii) thereafter throughout the term of this Lease, the rent will be TWENTY-ONE THOUSAND AND NO/100 DOLLARS (\$21,000.00) per calendar month. All rents shall be due and payable upon the first day of each month and paid to Lessor at 3121 S.W. Moody Avenue, Portland, Oregon.

2.2 Wharfage. In addition to lease base rent, Lessee shall pay to Lessor an amount to be computed at \$1.50 per thousand board feet on all manufactured lumber and converted forest products, (hereinafter referred to as "Lumber"), moved over Lessor's wharf on or adjacent to the Property during the term of this Lease.

- (a) Lessee has exclusive use of and shall be solely responsible to cause the wharf to be kept and maintained, in good repair and condition, ordinary wear and tear excepted. At the Lessee's request and expense, a structural engineer will inspect and survey the wharf to determine the condition and operating parameters of the wharf. Lessee may in writing but only after October 31, 1997 decline exclusive use and maintenance responsibility of Lessor's wharf. Upon receipt of such notice, Lessor at its sole discretion, shall be under no further obligation to maintain or provide the/or any wharf on or adjacent to the Property. At such time Lessor, if Lessor desires, may remove or disable its wharf.
- (b) Lessee shall pay to Lessor an amount of additional wharfage to be mutually agreed on all building materials, excluding Lumber, moved over Lessor's wharf. The amount will be based on the common standard form of measurement for the building material moved over the wharf. No building materials shall be moved across Lessor's wharf until the wharfage charge rent for each building material is agreed to.
- (c) Lessee shall make available to Lessor, upon request, all original documents and records necessary for Lessor's verification of actual quantities of Lumber and building materials moved by Lessee over the wharf. Lessee shall furnish Lessor with each payment of wharfage rent, copies of documentation substantiating quantities of Lumber and/or other building materials moved on which payment was made. All lumber and building material rents shall be paid to Lessor within 30 days of each calendar month in which the wharfage obligation accrued.

2.3 Extension Term. If the Lessee is not in default under this Lease, Lessee shall have the option to extend this Lease for two (2) successive terms of five (5) years each. Each extension term shall commence on the day following the date of the termination of the preceding term. The option may be exercised by giving written notice to Lessor not less than ninety (90) days prior to the expiration date of the expiring term. Each extension term calendar monthly rental shall increase ten percent (10%) over the pervious terms monthly rent. The giving of notice shall be sufficient to make the Lease binding for the extension term, without further acts of the parties.

The renewal term shall be upon the same terms and conditions of this Lease as the initial term. If the renewal term is not properly exercised, this Lease shall terminate and be of no further force and effect as of the expiration or earlier termination of the initial term.

2.4 Interest and Late Charges. All rent and other payments not paid when due shall bear interest from the due date until fully paid at the same rate as specified in paragraph 13.3 below. In addition, if Lessee fails to make any base rent and/or lumber and/or and building material wharfage payment within 10 days after it is due, Lessor may impose a late charge of 5 cents per dollar of the overdue payment, to reimburse Lessor for the costs of collection the overdue payment. Lessee shall pay the late charge upon demand by Lessor. Lessor may levy and collect a late charge in addition to all other remedies available for Lessee's default, and collection of a late charge shall not waive the breach caused by the late payment.

2.5 Net Lease Provisions. All payments required to be paid by Lessee under this Lease, other than Base Rent, will constitute additional rent. This is intended to be a net Lease, meaning that except as otherwise expressly provided herein, Lessee shall pay all expenses of every type relating to the Property after commencement of this Lease, and all rentals shall be received by Lessor without set-off, offset, abatement, or deduction of any kind.

### 3. Use of Property.

3.1 Permitted Use. Lessee shall not use or allow the Property to be used or occupied for any purposes other than in accordance with applicable governmental laws and regulations. Subject to such limitations and the provisions of Section 3.4 of this Lease, Lessee shall be permitted to use the Property for storage and movement of Lumber and building materials. Lessee may use Lessor's wharf for the purposes of moving Lumber and building materials only and for no other purpose without Lessor's prior written approval.

3.2 Compliance with Laws. Subject to the provisions of Section 3.4 and 8.2 of this Lease, Lessee shall comply at its expense with all applicable laws and regulations of any public authority applicable to the Property and its use.

3.3 Maintenance of Property and Improvements. Lessee, at its expense, shall at all times during this Lease keep and maintain or cause to be kept and maintained in good repair and good condition (ordinary wear and tear accepted), the Property, all buildings, scales, rail tracks, wharf (subject to those terms in 2.2) and improvements at any time erected on the Property, and shall use all reasonable precaution to prevent waste, damage or injury. Lessee shall maintain or cause to be kept and maintained reasonable vehicle and rail access provided to the Property. Lessee shall maintain that portion of rail track identified in Exhibit "B" that Lessee is authorized to use. Lessor shall have no obligation to make any repairs or perform any maintenance on the Property, or to renew or replace the Property, except damage caused by Lessor or Lessor's allowed use by others.

3.4 Lessor's Use of Wharf. To the extent not otherwise in conflict with Lessee's exclusive use, Lessor may use Lessor's wharf for Lessor's own use, and for the use of any other company, partnership or individual affiliated with Lessor for any purpose whatsoever, within Lessor's sole discretion, subject to Lessee's consent, which shall not be unreasonably withheld except

that Lessor shall not use Lessor's wharf for Lumber (as previously defined in Section 2.2 herein.) Lessee has priority of use of Lessor's wharf for loading or unloading a vessel.

3.5 Lessor's Use of Rail. Lessor specifically retains the right of use for itself, and to allow others to use rail trackage identified in Exhibit "B" as track (4). Such access shall be allowed by Lessee at all times.

3.6 Operation Protocols. Lessor and Lessee shall develop, as soon as practicable, after execution of Lease, operational protocols that will expressly establish the Lessor's use as identified in Sections 3.4 and 3.5. Such protocols shall in no way be meant to limit Lessor's use. The protocols developed are subject to Lessor's consent which will not be unreasonably withheld.

#### 4. Improvements.

4.1 Construction, Changes and Alterations. Lessee shall have the right at any time and from time to time subject to the reasonable approval of the Lessor, during the lease term to make improvements to the Property and changes and alterations, structural or otherwise to any building, improvement, fixture and equipment on the Property, including demolition and replacement (collectively, "Construction") at its sole cost. Such Construction shall in all cases be subject to the following conditions:

- (a) Lessee shall notify Lessor of Lessee's Construction plans. Work shall not commence until Lessor has provided its written consent to such Construction which shall not be unreasonably withheld.
- (b) No Construction shall be undertaken until Lessee shall have procured and paid for all applicable permits and authorizations of the various municipal departments and government subdivisions having jurisdiction. Lessor agrees, at Lessee's request and expense, to join in the application for such permits or authorizations as Lessee may request.
- (c) All work done in connection with any Construction shall be done promptly and in good and workmanlike manner and in compliance with all laws, ordinances, orders, rules, regulations and requirements of all federal, state and local governments. All such work shall be at the sole cost and expense of Lessee, and upon completion thereof shall be free and clear of all liens. Any Construction shall be prosecuted with reasonable dispatch. Delays due to labor disputes, lockouts acts of God, inability to obtain labor or materials, governmental restrictions, or similar causes beyond the control of Lessee excepted.
- (d) Upon termination of the Lease, Lessee may within 30 days, remove all its improvements, furnishings, furniture and trade fixtures and restore all damage caused by such removal, except Lessee shall not remove any utility, rail or marine improvements other than Lessee's trade fixtures. If Lessee

fails to do so, this shall be an abandonment of the property and Lessor may retain such property and all rights of Lessee with respect to it shall cease, or, by notice in writing to Lessee within twenty (20) days after removal was required, Lessor may elect to hold Lessee to its obligation of removal. If Lessor elects to require Lessee to remove, Lessor may effect a removal and place the property in public storage for Lessee's account. Lessee shall be liable to Lessor for the cost of such removal, restoration, transportation and storage with interest on all such expenses as provided in Section 13.3

- (e) Lessee shall maintain at Lessee's sole cost and expense, Workers Compensation Insurance covering all persons employed in connection with Lessee's activities on the Property. Such insurance shall be in one or more companies of recognized responsibility, licensed to do business in the State of Oregon and true copies of all policies or certificates issued by the respective insurers, bearing notations evidencing the amount of premiums or accompanied by other evidence satisfactory to Lessor. One such payment, shall be delivered to Lessor.

*Page 10/11/15*

4.2 Acceptance of the Property. Subject to previous inspection, Lessee accepts the Property in its present condition, AS- IS, without any representations or warranties by Lessor, expressed or implied, Lessor shall not be required to perform any work to ready the Property for Lessee's use, occupancy or improvements, nor shall Lessor be obligated to extend water, sewer or other utility lines from their present location.

4.3 No Offensive Activities. Lessee shall not conduct or permit any activities on the Property that create a nuisance or damage the reputation of Lessor or of the Property, or are reasonably offensive to Lessor, or other owners or users of adjoining property.

4.4 Insurance Coverage. Lessee shall refrain from any use of the Property that would invalidate or impair the coverage afforded by any insurance maintained with respect to the Property or which would unreasonably increase the danger of fire upon the Property.

5. Environmental.

5.1 Definitions.

- (a) The term "Environmental Laws" shall mean any and all federal, state and local statutes, regulations and ordinances, as presently existing or as may be amended or adopted in the future, pertaining to the protection of human health and/or the environment.
- (b) The term "Hazardous Waste" shall mean any and all hazardous, or dangerous waste as defined or listed under the Resource Conservation and

Recovery Act, as amended ("RCRA"), or applicable state statutes or any regulations promulgated under RCRA or such state statutes.

- (c) The term "Hazardous Substance" shall mean any and all hazardous, toxic, infectious or radioactive substances, wastes or materials listed or defined by any Environmental Law and specifically shall include Hazardous Wastes and petroleum oil and its fractions.

5.2 Use of Hazardous Substances.

- (a) Except as described in paragraph (b) or (c) below, or pursuant to Lessor's written consent, Lessee shall not cause or permit any Hazardous Substances to be used, generated, treated, stored, or otherwise handled on the Property.
- (b) Lessee may use on the Property only those Hazardous Substances reasonably necessary for the operation of Lessee's business on the Property the identity of which Lessee has disclosed to Lessor in writing prior to such use. Such use is subject to Lessor's reasonable consent which shall not be unreasonably withheld. Lessee may store such Hazardous Substances on the Property, but only in such quantities necessary to satisfy its reasonably anticipated needs for such Hazardous Substances. Lessee shall at all times exercise all appropriate and prudent care and caution in connection with the handling of Hazardous Substances on the Property and shall not cause or permit Hazardous Substances to be spilled, leaked, disposed of or otherwise released on the Property.
- (c) Lessee shall not cause or permit any conduct on the Property that would cause the Property or any part thereof, to be deemed a hazardous waste treatment, storage or disposal facility requiring a permit, interim status or any other special authorization under RCRA or any other environmental law.
- (d) Lessee shall comply fully with all laws pertaining to the protection of human health and the environment, including but not limited to employee and community right-to-know laws and all laws regarding the use, generation, storage, transportation, treatment, disposal or other handling of Hazardous Substances. Lessee shall promptly advise Lessor in writing of any Hazardous Substances regulated by such laws that are used, generated, manufactured, stored, transported or otherwise handled on the Property. Lessee shall exercise extreme care in handling any hazardous substances and shall not cause or permit Hazardous Substances to be spilled, leaked, disposed of or otherwise released on the Property. The term "Hazardous Substances" is used in its very broadest sense, and refers to materials which because of their quantity, concentration, or physical,



chemical, or infectious characteristics may cause or pose a present or potential hazard to human health or the environment when improperly handled, treated, stored, transported, disposed of, or otherwise managed. The term shall include, but is not limited to, all hazardous substances, hazardous materials and hazardous wastes listed by the U.S. Environmental Protection Agency and the state in which the Property is located under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), the Resource Conservation and Recovery Act (RCRA), the Toxic Substances Control Act (TSCA), and the Federal Water Pollution Control Act (FWPCA), and comparable state statutes.

5.3 Notices. Lessee shall immediately notify Lessor upon becoming aware of any of the following:

- (a) Any leak, spill, release or disposal of a Hazardous Substance on, under or adjacent to the Property or threat of or reasonable suspicion of any of the same.
- (b) Any notice or communication from a governmental agency or any other person directed to Lessee relating to the Hazardous Substances on, under or adjacent to the Property or any violation of any Environmental Law with respect to the Property or activities on the Property.

5.4 Spills and Releases. In the event of a leak, spill or release of a Hazardous Substance on the Property or the threat of or reasonable suspicion of the same, Lessee shall immediately undertake or cause to be undertaken all emergency response necessary to contain, clean up and remove the Hazardous Substance and shall undertake or cause to be undertaken within a reasonable time all investigatory, remedial and/or removal action necessary or appropriate to ensure that any contamination by the Hazardous Substance is eliminated. Within thirty (30) days following the completion of such investigatory, remedial and/or removal action, Lessee shall provide Lessor with a certification acceptable to Lessor signed by an independent registered professional engineer that such contamination has been eliminated to Lessor's satisfaction.

6. Taxes; Utilities.

6.1 Lessor shall be responsible for taxes assessed against the Property as measured by their assessed value on the lease commencement date ("Base Taxes") through September 30, 1997. Lessee shall be responsible for and pay to Lessor, as appropriate, any additional taxes or assessments of all types against the Property, in addition to and/or in excess of the Base Taxes, within 15 days of billing to Lessee.

6.2 On October 1, 1997 and thereafter, Lessee shall pay when due all taxes, assessments and public charges on the Property and improvements. Taxes and assessments for the fourth and last years of the lease term shall be prorated between Lessor and Lessee on the basis of the portion of the tax year Lessee occupies the Property. Lessee shall furnish to Lessor receipts or other proof of payment of taxes and assessments within thirty (30) days after written request from

Lessor. Lessee shall pay taxes in full by each November 15. Taxes and assessments shall be based on the basis of the tax lot covering the Property.

6.3 Substitute Taxes. If a tax is assessed upon Lessor's interest under this Lease which is in lieu of the ad valorem real property tax, or in the event any sales, use or other tax is hereafter imposed on Lessor's rental receipts hereunder, then to the extent permitted by law, Lessee shall pay such tax. Lessee, however, shall have no obligation to pay any income, profits, or franchise tax levied upon the net income derived by Lessor from this Lease.

6.4 Contesting Taxes. Lessor will provide to Lessee a copy of any notices of re-evaluation of the Property received from the taxing authority. Lessee shall be entitled to contest in good faith the amount of any tax or assessment, provided Lessor's property interest are not jeopardized because of nonpayment, and Lessee deposits with Lessor money or other security satisfactory to Lessor in an amount reasonably sufficient to pay or secure payment of the contested tax or assessment, together with all interest and penalties in connection therewith. Lessor will cooperate with Lessee in connection with such contests and will execute documents and allow the contest to be conducted in its name wherever necessary and reasonable. Any rebate received by Lessor on account of any tax or assessment paid by Lessee shall immediately be paid to Lessee.

6.5 Payment of Utilities Charges. Lessee shall pay when due all charges for services and utilities incurred in connection with the use, occupancy, operation, and maintenance of the Property, including (but not limited to) charges for fuel, water, gas, electricity, sewage disposal, power, refrigeration, air conditioning, telephone and janitorial services. If any utility services are provided by or through Lessor, charges to Lessee shall be comparable with prevailing rates for comparable services. If the charges are not separately metered or stated, Lessor shall apportion the charges on an equitable basis, and Lessee shall pay its apportioned share upon demand.

6.6 Lessee shall pay personal property tax for any renewal term of this Lease.

7. Liability to Third Persons.

7.1 Liens.

(a) Lessee shall pay as due all claims for work done on or for services rendered or material furnished to the Property, and shall keep the Property free from any liens arising from such work. If Lessee fails to pay such claims or to discharge any lien, Lessor may do so and collect such amount as additional rent. Amounts paid by Lessor hereunder shall bear interest at the rate set forth in Section 13.3 below from the date of expenditure by Lessor and shall be payable on demand. Such payment by Lessor shall not constitute a waiver of any right or remedy Lessor may have because of Lessee's default.

(b) Lessee may withhold payment of any claim in connection with a good faith dispute over the obligation to pay, so long as Lessor's Property interests are not jeopardized. If a lien is filed as a result of nonpayment, Lessee shall within ten (10) days after knowledge of the filing secure the discharge of the lien or deposit with Lessor cash, letter of credit

or sufficient corporate surety bonds or other securities (all collective security) reasonably satisfactory to Lessor in an amount sufficient to discharge the lien plus any costs, attorneys' fees, and other charges that could accrue as a result of a foreclosure or sale under the lien. Lessor shall not utilize, or expend such security except to satisfy a lien.

8. Indemnification.

8.1 Indemnification by Lessor. Lessor shall indemnify, defend and hold harmless Lessee and its officers, partners, employees, agents, successors and assigns from and against all claims, demands liabilities, damages, administrative proceedings and related costs (including the cost of complying with any judicial or other governmental order) and expenses (including attorneys' fees at trial, on appeal and in connection with any petition for review or in any agency proceeding) (collectively referred to as "Losses") arising out of or in any way relating to:

- (a) The breach of any of Lessor's representations, warranties or covenants contained in this Lease;
- (b) Hazardous Substances contamination of the Property existing on the premises on the date of this Lease, or due to Lessor's use or use allowed by Lessor, or migrating onto the premises through the soil or groundwater during the term of this Lease to the extent Lessor is liable for such existing contamination under 42 USC §9607 or ORS 466.567 as such statutes may be amended from time to time, provided Lessee exercises reasonable care and precautions to prevent or mitigate such migration and its effects;
- (c) Such uses allowed by Lessor and its invitees under Sections 3.4 and 3.5.

8.2 Indemnification by Lessee. Lessee shall indemnify, defend and hold harmless Lessor and his employees, agents successors, heirs, assigns and all companies (including corporations, partnerships and sole proprietorships) in which Lessor is an owner, officer or director and the affiliates of all of them in particular and without limitation Zidell, Inc., Zidell Explorations, Inc., Zidell Marine Corporation, Tube Forgings of America, Inc., Zidell Resources and their affiliates from and against any and all liability, claims, damages, penalties or judgments arising from death or injury to persons or damage to or loss of property, including Lessor's wharf during the period Lessee has use of the wharf, sustained by anyone, including Lessee's employees, in or about the Property or wharf resulting from any activity, act(s) or omission(s) of Lessee and all losses arising out of or in any way relating to:

- (a) Lessee's use or operation of, or activities on, the Property including such use by Lessee prior to the commencement date.
- (b) The Property and events occurring after the commencement of the Original Term and before the termination of this Lease.
- (c) The breach of any of Lessee's representations, warranties or covenants contained in this Lease.

8.3 Notice of Claims. Upon receiving notice of any losses subject to Subsection 8.1 or 8.2, the indemnitee shall give prompt written notice to the indemnitor.

8.4 Limitations and Survival. No indemnitee shall be entitled to indemnification or other benefits under Subsections 8.1 or 8.2 to the extent Losses arise out of or in any way relate to the acts or omissions of any indemnitee described in the respective Subsection. The obligations of the parties under this Section 8 shall survive the expiration or termination of this Lease.

9. Insurance and Damage.

9.1 Liability Insurance. Lessee shall continuously maintain at its sole expense, auto and comprehensive general liability insurance with limits of liability not less than Five Million Dollars (\$5,000,000) for bodily injury to one person, Five Million Dollars (\$5,000,000) for bodily injury in the aggregate, and Five Million Dollars (\$5,000,000) property damage. Lessee shall also maintain such other insurance on Lessee's operation as Lessor may reasonably require during the lease term. Such insurance must include coverage for damage to Lessor's wharf for which Lessee is responsible, workmen's compensation insurance that complies with State of Oregon and Federal requirements including Longshoremen's and Harbor Workers' Compensation Act and Jones Act coverage, where applicable. Such insurance shall name Lessor as an additional insured and shall contain a contractual liability endorsement referring to this Lease. The policies shall be in form, amounts and with companies reasonably acceptable to Lessor. Certificates evidencing such insurance and bearing endorsements requiring 10 days' written notice to Lessor prior to any change or cancellation shall be furnished to Lessor prior to Lessee's occupancy of the Property.

9.2 Property Damage Insurance. Lessee shall be responsible for insuring the Property, buildings, and all its personal property, equipment and trade fixtures located on the Property. The improvements will be covered by property damage insurance covering all risks of physical loss or damage, on a replacement cost basis and in an amount sufficient to avoid the application of any coinsurance clause. Lessor will be named as an additional insured. The policies shall be in form, amount and with companies reasonably acceptable to Lessor. Lessee will deliver to Lessor certificates of coverage bearing endorsements requiring 10 days' written notice to Lessor prior to any cancellation or reduction of coverage.

9.3 Waiver of Subrogation & Priority of Coverage. Neither party shall be liable to the other for any loss or damage caused by water damage or any of the risks covered by a standard fire insurance policy with extended coverage endorsements, and there shall be no subrogated claim by one party's insurance carrier against the other party arising out of any such loss. All insurance required of Lessee shall be primary to any coverage which maybe held by Lessor.

9.4 Restoration of Damage. In the case of loss or damage to the Property, Lessee shall, at its sole cost and expense, repair and rebuild the same with reasonable diligence and shall be entitled to avail itself of all proceeds and benefits afforded by any and all insurance procured and maintained in accordance with the terms of this Lease, or otherwise, insuring against losses or damage of the kind suffered by it as a result of such fire or other casualty. The parties shall cooperate fully in making proofs of loss or declarations required, necessary or convenient to enable Lessee to avail itself of the benefits and coverage afforded by such insurance as soon as reasonably

practicable after the occurrence of such loss or damage. Rent shall be abated during the period of such damage or restoration.

10. Condemnation.

If the entire Property is condemned, or if a portion is taken which causes the remainder to be unsuited to the use permitted hereunder, then this Lease shall terminate as of the date upon which possession of the Property is taken by the condemning authority. Otherwise, at Lessee's option, Lessee shall proceed to make necessary repairs and alterations to the Property to permit Lessee to continue its operations thereon. Rent shall not be abated during the period of restoration and shall be reduced for the remainder of the Lease term to the extent and in the same proportion as the reduction in the reasonable rental value of the Property for Lessee's use caused by the condemnation. All condemnation proceeds shall belong to Lessor, except for any award specifically made to Lessee for interruption of business, moving expenses, or the taking of Lessee's trade fixtures and personal property. Sale of all or a part of the Property to a purchaser with the power of eminent domain in the face of a threat or the probability of the exercise of the power shall be treated as a taking by condemnation. In no event shall Lessor incur expenses for restoration in excess of the amount of condemnation proceeds received by Lessor after payment of all reasonable costs, expenses and attorneys' fees incurred by Lessor in connection therewith.

11. Transfer by Lessee.

11.1 Prohibition of Transfer. Lessee shall not assign, mortgage, pledge, hypothecate or encumber the Property or Lessee's leasehold estate, or sublet any portion of the Property, or license the use of any portion of the Property, or otherwise transfer any interest in the Property except Lessee may transfer this Lease to an affiliate of Lessee (whether voluntary, involuntary, by operation of law or otherwise), without the prior written consent of Lessor. Such consent which shall not be unreasonably withheld. If Lessee is a corporation, any transfer of a controlling interest in the stock of Lessee shall be deemed an assignment of this Lease. Any attempted transfer without consent shall be null and void and, at the option of Lessor, will cause termination of this Lease.

11.2 Obligations After Transfer. The giving of such consent in one instance shall not preclude the need for Lessee to obtain Lessor's consent to further transfers. If Lessee is permitted to make any transfer or makes a transfer allowed under 11.1, Lessee shall not be relieved of Lessee's obligations, but shall remain primarily liable to Lessor for performance of all such obligations.

12. Default.

The following shall be events of default:

12.1 Payment Default. Lessee fails to make any rent or other payment under this Lease within 10 days after it is due.

12.2 Unauthorized Transfer. Lessee makes any transfer without Lessor's prior written consent as required under paragraph 11.1.

12.3 Abandonment of Property. Lessee abandons the Property, for which purpose "abandons" means a failure by Lessee to occupy and use the Property for one or more of the purposes permitted under this Lease for a total of 30 days or more during the lease term, unless such failure is excused under another provision of this Lease.

12.4 Default in Other Covenants. Lessee fails to comply with any other term or condition or fulfill any other obligation of this Lease within 20 days after written notice by Lessor specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be remedied fully within the 20-day period, this requirement shall be satisfied if Lessee begins correction of the default within the 20-day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

12.5 Insolvency Defaults. Dissolution, termination of existence, insolvency on a balance sheet basis or business failure of Lessee; the commencement by Lessee of a voluntary case under the federal bankruptcy laws or under any other federal or state law relating to insolvency or debtor's relief; the entry of a decree or order for relief against Lessee in an involuntary case under the federal bankruptcy laws or under any other applicable federal or state law relating to insolvency or debtor's relief; the appointment of or the consent by Lessee to the appointment of a receiver, trustee, or custodian of Lessee or of any of Lessee's property; an assignment for the benefit of creditor by Lessee; Lessee's failure generally to pay its debts as such debts become due; the making or suffering by Lessee of a fraudulent transfer under applicable federal or state law; concealment by Lessee of any of its property in fraud of creditors; the making or suffering by Lessee of a preference within the meaning of the federal bankruptcy law; or the imposition of a lien through legal proceedings or distraint upon any of the Property of Lessor which is not discharged or bonded.

13. Remedies on Default.

Upon default, Lessor may exercise any one or more of the following remedies, or any other remedy available under applicable law:

13.1 Retake Possession. Lessor may re-enter and retake possession of the Property, without notice, either by summary proceedings, force, any other applicable action or proceeding, or otherwise. Lessor may use the Property for Lessor's own purposes or relet it upon any reasonable terms without prejudice to any other remedies that Lessor may have by reason of Lessee's default. None of these actions will be deemed an acceptance of surrender by Lessee.

13.2 Damages for Default. Whether or not Lessor retakes possession or relets the Property, Lessor may recover all damages caused by the default (including but not limited to unpaid rent, attorney's fees relating to the default, and costs of reletting). Lessor may sue periodically to recover damages as they accrue during the remainder of the Lease term without barring a later action for further damages. Lessor may at any time bring an action for accrued damages plus damages for the remaining lease term equal to the difference between the rent specified

in this Lease and the reasonable rental value of the Property for the remainder of the term, discounted to the time of judgment at the rate of 10 percent per annum.

13.3 Cure of Lessee's Default. Without prejudice to any other remedy for default, Lessor may perform any obligation or make any payment required to cure a default by Lessee. The cost of performance, including attorney's fees and all disbursements, shall immediately be repaid by Lessee upon demand, together with interest from the date of expenditure until fully paid at the rate of 18 percent per annum, but not in any event at a rate greater than the maximum rate of interest permitted by law.

14. Surrender or Expiration.

14.1 Condition of Property. Upon expiration of the lease term or earlier termination on account of default, Lessee shall deliver all keys to Lessor and surrender the Property in good condition. Depreciation and wear from ordinary use for the purpose for which the Property was let need not be restored, but all repair for which Lessee is responsible shall be completed to the latest practical date prior to such surrender.

14.2 Fixtures. Upon termination of the Lease, Lessee may within 30 days, remove all its improvements, furnishings, furniture and trade fixtures and restore all damage caused by such removal, except Lessee shall not remove any utility, rail or marine improvements other than Lessee's trade fixtures. If Lessee fails to do so, this shall be an abandonment of the property and Lessor may retain such property and all rights of Lessee with respect to it shall cease, or, by notice in writing to Lessee within twenty (20) days after removal was required may elect to hold Lessee to its obligation of removal. If Lessor elects to require Lessee to remove, Lessor may effect a removal and place the property in public storage for Lessee's account. Lessee shall be liable to Lessor for the cost of such removal, restoration, transportation and storage with interest on all such expenses as provided in Section 13.3

14.3 Holdover. If Lessee does not vacate the Property at the time required, Lessor shall have the option to treat Lessee as a tenant from month to month, subject to all of the provisions of this Lease (except that the term will be month to month and the initial Base Rent will be 150 percent of the amount of Base Rent then being paid by Lessee), or to eject Lessee from the Property and recover damages caused by wrongful holdover. Failure of Lessee to remove furniture, furnishings, or trade fixtures which Lessee is required to remove under this Lease shall constitute a failure to vacate to which this paragraph shall apply if the property not removed substantially interferes with occupancy of the Property by another tenant or with occupancy by Lessor for any purpose including preparation for a new tenant. If a month-to-month tenancy results from a holdover by Lessee, the tenancy shall be terminable at the end of any monthly rental period on written notice from Lessor given not less than 10 days prior to the termination date which shall be specified in the notice. Lessee waives any notice which would otherwise be provided by law with respect to month-to-month tenancy.

15. Warranty of Quiet Enjoyment.

So long as Lessee complies with all terms of this Lease, Lessee shall be entitled to peaceable and undisturbed possession of the Property free from any interference by Lessor or those claiming through Lessor.

16. General Provisions.

16.1 Time of Essence. Time is of the essence of the performance of each parties obligations under this Lease.

16.2 Modifications. This Lease may not be modified except by endorsement in writing attached to this Lease, dated and signed by the parties.

16.3 No Appurtenances. This Lease does not create any rights or interests in parking facilities, or any other rights, easements or licenses, by implication or otherwise, except as expressly set forth in this Lease or its exhibits.

16.4 Nonwaiver. Waiver of performance of any provisions of this Lease shall not be a waiver of nor prejudice the party's right otherwise to require performance of the same provision or any other provision.

16.5 Succession. Subject to the limitations on transfer of Lessee's interest, this Lease shall bind and inure to the benefit of the parties, their respective heirs, successors, and assigns.

16.6 Inspection. Lessor and its authorized representatives may enter at any time to determine Lessee's compliance with this Lease, to make necessary repairs, or to show the Property to any prospective tenants or purchasers.

16.7 Attornment. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or trust deed made by Lessor covering the Property, Lessee shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as Lessor under this Lease.

16.8 Subordination to Mortgages. This Lease, at Lessor's option, shall be subordinate to the lien of any trust deed or mortgage subsequently placed upon the Property and to any and all advances made on the security thereof, and to all renewals, modifications, consolidations, replacements, and extensions thereof; provided, however, that as to the lien of any such trust deed or mortgage Lessee's right to quiet possession of the Property shall not be disturbed if Lessee is not in default and so long as Lessee pays the rent and observes and performs all of the provisions of this Lease.

16.9 Estoppel Certificates. Within 10 days after Lessor's written request, Lessee shall deliver a written statement stating the date to which the rent and other charges have been paid, whether the Lease is unmodified and in full force and effect, and any other matters that may reasonably be requested by Lessor.



16.10 Notices. Notices under this Lease shall be in writing, effective when delivered, or if mailed, effective on the second day after mailed postage prepaid to the address for the party stated in this Lease, or to such other address as either party may specify by notice to the other. Rent shall be payable to Lessor at the same address and in the same manner.

16.11 Attorneys' Fees. In the event suit or action is instituted to interpret or enforce the terms of this Lease or to rescind this Lease, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorneys' fees at trial, on appeal and on any petition for review, in addition to all other sums provided by law.

16.12 Applicable Law. This Lease shall be construed, applied and enforced in accordance with the laws of the State of Oregon.

16.13 Prior Agreements. This Lease is the entire, final, and complete agreement of the parties with respect to the matters set forth in this Lease, and supersedes and replaces all prior written and oral agreements between the parties or their representatives with respect to such matters.

16.14 Validity of Provisions. If any provision in this Lease shall be invalid, illegal, or unenforceable in any respect, the validity of the remaining provisions contained in this Lease shall not be affected.

16.15 Joint and Several Liability. In the event Lessee now or hereafter consists of more than one person, firm or corporation, then all such persons, firms or corporations shall be jointly and severally liable as Lessee under this Lease.

16.16 Conveyance by Lessor. In the event that Lessor sells or transfers its interest in the Property during the term of this Lease, Lessor shall be discharged from any obligations and responsibilities under this Lease from and after the effective date of the sale or transfer, except for those already accrued, including any indemnity obligation under paragraph 8.1.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date first above written.

LESSOR:

ATTEST:

\_\_\_\_\_

EMERY NEIL ZIDELL TRUST

BY: \_\_\_\_\_

NAME: Jay Zidell

TITLE: Trustee

LESSEE:

HAMPTON LUMBER SALES CO.

ATTEST:

Vicki Shaylor

BY: Michael P. Nease

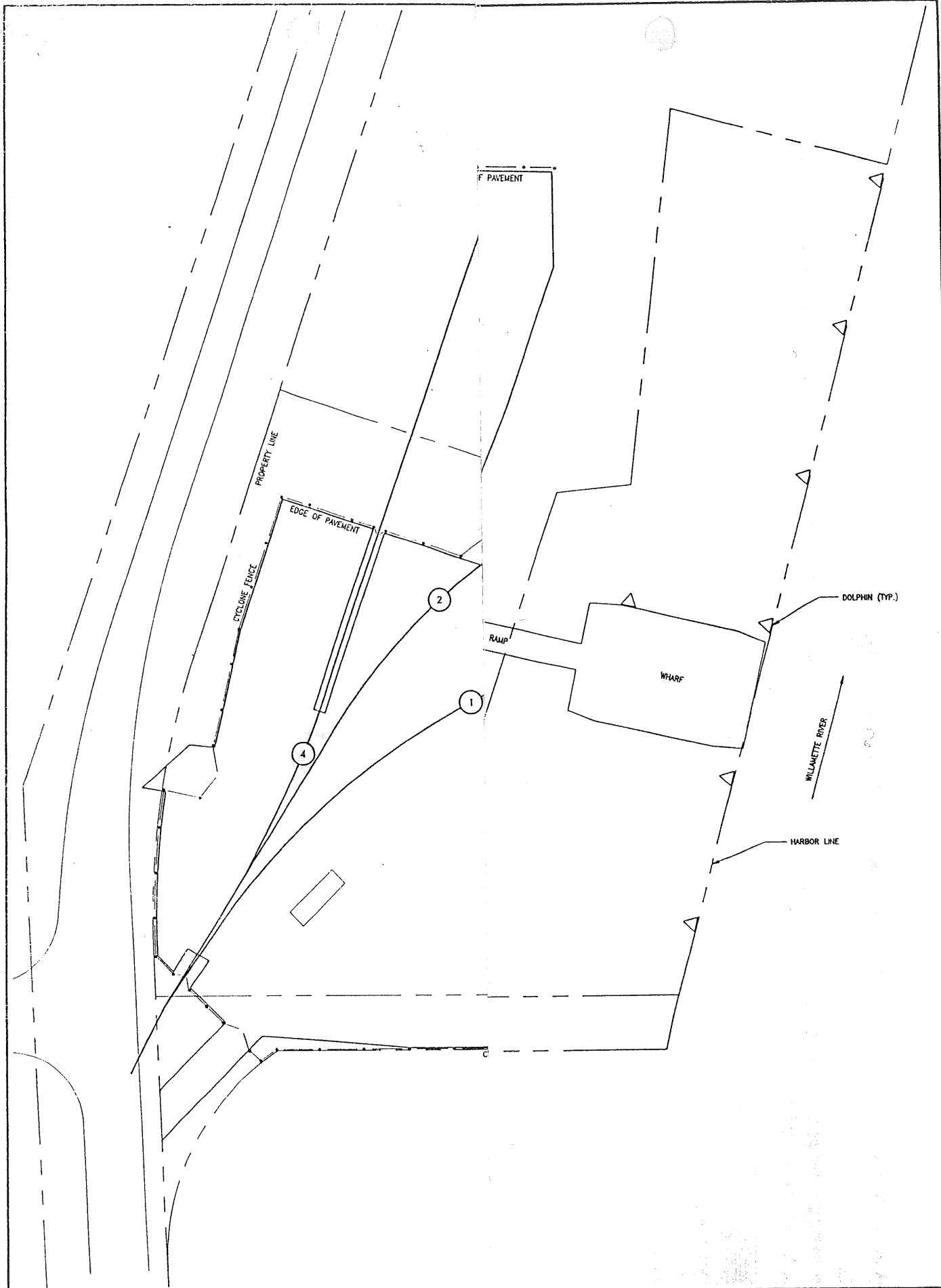
NAME: \_\_\_\_\_

TITLE: President

(Corporate Seal)

**EXHIBITS "A"**

**Parcel 3 of Partition Plat #1994-41 recorded April 29, 1994.**



REFERENCES	No.	Description	93-105	Z. R. Z. REALTY COMPANY 5200 N.W. FRONT AVE. PORTLAND, OREGON	REV 1
			1:50	EXHIBIT "B"	DRAWING NO.
			T93 TW	SITE PLAN	C-1
			T93 TW		
		T93 TW			