

Impound Agreement

ARTICLE I

1.1 Effective: This Agreement shall be in effect as of the date the last party thereto affixes its signature.

1.2 Parties: This Agreement consists of the following parties:

_____ and assignees, referred as the "THE OPERATOR", and
_____ herein referred to as the "IMPOUND ESCROW", and the
State of Washington Department of Licensing, herein referred to as the "AGENCY".

1.3 Definitions: The following words or phrases used herein are to have those meanings to be found in RCW 19.105.300 and WAC 308-420-020.

ARTICLE II RECITALS:

2.1 Operator (has applied for) (has received) authorization from the Agency, under file reference No. _____, under the provisions of chapter 19.105 RCW as amended by chapter 159, Law of Washington, 1988 Legislative Session and the rules and regulation implementing said Chapter, to offer, advertise and market registered offering(s) of camping resort contracts in the State of Washington. The Operator has entered in to this Impound Agreement as a condition to registration under the Camping Resort Act (Chapter 19.105 RCW) and for the purposes of complying specifically with the impound provisions of RCW 19.105.340; as amended by Section 8, Chapter 159, Laws of the State of Washington, 1988 Legislative Session and WAC 308-420.

2.2 The object of the impound is to secure the future availability and quiet enjoyment of the camping resort titles and properties for the membership under Section 7, Chapter 159, 1988 Legislative Session, Laws of the State of Washington and RCW 19.105.380 as amended by Section 14 (1) (g), and Chapter 159, Laws of 1988 Legislative Session, State of Washington. This is to be accomplished by securing the making of periodic payments and the retiring of blanket encumbrances affecting the Operator's camping resort properties in which member contract interests are being sold. As sales progress, the Operator will place with Escrow all cash received and membership receivables as may be required under the terms of this agreement. Also as may be required under the terms of this agreement, Escrow will make collections on these receivables and place funds in depositories acceptable to the Agency from which payments on Operator's obligations will be made by Escrow as they fall due.

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein, the parties hereto do hereby agree as follows:

ARTICLE III GENERAL PROCEDURES TO BE FOLLOWED BY PARTIES:

3.1 For at least the term of this Agreement, and irrespective of whether there is a subsequent purchaser cancellation under section 3.2, the Operator shall number each contract or membership sold, consecutively as sales occur.

3.2 Prior to such numbering or referral to the Escrow of any membership receivables, certificates, of funds under this Agreement, the Operator shall retain in its custody the membership contracts, certificates and all down payments, for a period of seven days, for purposes of complying with the purchaser cancellation provisions, of RCW 19.105.390 and WAC 308-420.

3.3 Operator warrants that there are at present certain encumbrances and obligations of the Operator's affecting the Operator's camping resort properties, as described in Exhibit A hereto and made a part hereof. Escrow agrees to assist Operator in retiring these encumbrances and debts, by collecting funds from members, placing the funds in depositories and then dispersing the funds from the depositories to creditors, or other parties, as the payments on the obligations fall due.

3.4 As sales of memberships in the Operator's camping resort program progress, Operator shall forward to Escrow, all of the membership receivables, including periodic dues and assessments, and membership purchase agreements signed by the members.

3.5 For purposes of this Agreement, each of the membership receivables or membership agreements forwarded to the Escrow, shall be consecutively numbered, and be the original of the document.

- (1) The Operator shall forward to Escrow all membership contract transactions until the total scheduled monthly payments total 110% of four scheduled monthly or periodic payments due the beneficiaries on all notes secured by encumbrances on the camping resort.
- (2) All monies placed in Escrow from contract sales, periodic dues and assessments, or contract collections, shall be disbursed from the Escrow to the Operator.
- (3) In addition to the contracts described above, the Operator shall forward to Escrow all membership contract sales until the total is equal to a total of 110% of the outstanding balance due on the encumbrances listed in exhibit "A".

3.6 Along with each submission of documents and cash to Escrow, the Operator shall provide Escrow with a cover sheet containing the following information for each transaction involved in the submission:

- (1) the memberships number,
- (2) the full name and address of the member,
- (3) the date of sale,
- (4) the total amounts of down payment (including credit card payments),
- (5) the actual sale price,
- (6) the amount yet owed,
- (7) the amount of monthly (periodic) payment due and the amount of cash then being placed in the custody of the Escrow. A copy of this cover sheet shall simultaneously be sent by Escrow to the Agency. The Operator may accumulate these submissions and refer them to Escrow on a weekly rather than a daily basis.

3.7 Once funds are received from the Operator, the Escrow shall immediately deposit the funds into an interest-bearing payable-upon demand depository, in trust for the purposes of this impound. Escrow shall thereafter make collections on the purchaser contracts placed in its custody in accordance with the payment provisions in the purchaser contracts. These funds as collected, shall be placed in the depository. Escrow records shall show the placement of the funds into and a flow through the depository. Escrow records shall show the placement of the funds into and flow through the depository prior to any withdrawal or use of the funds, once they are in the Escrow's custody. Separate checks shall be issued for each payment made. Depository funds shall not be commingled with any funds designated for other purposes or of ownership, other than those proposed for this Agreement. Escrow may establish more than one bank account or depository for purposes of this Agreement, if doing so in the opinion of the Escrow is the most efficient arrangement.

3.8 The Operator shall continue to provide to the Escrow the contracts and funds as described in and in the manner provided for in this Agreement, until that point in time when the contracts in the custody of the Escrow, will equal 110% of the total amount of debt owned by the Operator and covered in this Agreement for retirement purposes. In making its projections for this purpose, the Escrow is to make certain that on all dates when payments are due on Operator debts, there will, on those dates be adequate funds in the depository to make such payments as required by Section 3.7.

3.9 As soon as the Escrow has received adequate funds to meet the 110% requirements of subsection 3.10 of this Article, the Escrow shall provide both Operator and Agency with written notice of this fact. This notice will also include that information required in subsection (5) of this document.

ARTICLE IV INFORMATION CONCERNING THE ENCUMBRANCES AND DEBTS TO BE RETIRED

Exhibit B: Schedule of Obligations

4.1 A schedule of the Operator's obligations covered under this Agreement is attached hereto as Exhibit "B". The schedule identifies each obligation, the amount and date of each payment to be made, the payees and their addresses and in general, conforms with the payment provisions to be found in the encumbering documents.

4.2 No changes or amendments may be made in this schedule of payments by the Operator or the Escrow, and no payees may be added thereto or withdrawn therefrom by the Operator or the Escrow, without prior notice from the Operator, the Agency and acceptance in writing from the Agency to the Escrow, and Operator. No collection instructions differing from those found in this Agreement and no payment instructions contrary to those provided in this Agreement and the attached schedule of encumbrances and payments, may hereafter be added or amended to this Agreement by the Operator or Escrow, without prior written approval to the Escrow by the Agency; except that in emergency situations covered under Article V, where there is insufficient time to consult with the Agency, the Escrow may take corrective action to cover contingencies, if done in a manner that serves to accomplish the overall purposes of this Agreement, and is in compliance with the Escrow's overall responsibilities under this Agreement. If Escrow takes corrective action to cover contingencies, Escrow shall immediately thereafter provide written notice to the Agency describing the corrective action taken and the purpose for the corrective action.

4.3 Within seven days of signing this agreement, the Operator shall provide the Escrow with copies of all properly recorded encumbrances and related security instruments covered under this Agreement.

ARTICLE V CONTINGENCIES

5.1 Should it at any time appear to the Escrow that there are or will be inadequate funds in the Escrow depository to make a payment that is or might fall due under paragraph 3.7 of this Agreement, the Escrow shall immediately provide the Operator with written notice of this deficiency. Within three business days of receiving such notice the Operator shall have in the custody of the Escrow, funds or other assets acceptable to the Escrow, in an amount adequate to cover the deficiency. Should the Operator fail to make good the deficiency, Escrow shall immediately notify the Agency. Failure on the part of the Operator to cover any such deficiency in a timely manner shall be cause for suspension of the license registration or other administrative action by the Agency against the Operator under Chapter 19.105 RCW.

5.2 Should for any reason, a membership receivable or other assets in the custody of the Escrow for purposes of this Agreement no longer be collectible by the Escrow, the Escrow shall give the Operator written notice of this fact and make demand that a cash replacement receivable or receivables, or other assets be placed by the Operator with Escrow, in the manner provided by Article III of this Agreement, Otherwise, except in instances where a member totally pays off "cashes out" a receivable the Operator may not withdraw or substitute "cured" receivables or other assets already in the possession of the Escrow, and replace such receivables or other assets with "green" or newer receivables not accepted by the Agency. Any funds received from partial "cash outs" shall be referred to the Escrow for deposit in the depository and dispersed in accordance with Article III Section 3.7 thereof. Funds paid by members to the Operator as total pay offs on a receivable may be retained by the Operator for its own purposes, free of the impound, provided that the Operator provides Escrow immediately with notice of the "cash out" and retirement of the debt, and at the same time submits substitute receivables or other assets acceptable to the Escrow for replacement purposes.

5.3 Contracts held by Escrow under this Agreement, more than 60 days delinquent in payments thereon, shall be deemed in default by the Escrow and returned by Escrow to the Operator, along with a cover letter requiring substitute contract(s) as provided for in subsection 5.2 of this Agreement.

ARTICLE VI NOTICE TO MEMBERS BY OPERATOR OF ASSIGNMENT

6.1 It shall be the Operator's responsibility to assure the promptness of payments, by its members, on the membership receivables held by the Escrow. The Operator shall provide the members involved, prior to collection by the Escrow, written notice that the periodic payments due under their membership contracts are to be made directly to the Escrow.

ARTICLE VII

7.1 Except with the written consent of the Agency, or in the instances where the Escrow gives notice of its withdrawal from the Agreement in the manner provided for in Section 10.1, this Impound Agreement, its provisions and all covenants of the parties, are irrevocable and may not be singularly terminated by the Operator, its heirs, assigns or successors in interest, for any purpose or reason other than those stated and in the manner stated herein. Neither the termination of marketing in this state by the Operator, nor expiration of the Operator's license registration with the Agency, shall be cause for this Agreement to terminate; however, the Operator may assign its interest and obligation hereunder to purchaser of the Operator's assets and business and substitute a new owner for the Operator herein.

7.2 The Escrow may resign from its duties under and as a party to this Agreement under the following conditions and procedures: Escrow shall give both Operator and Agency written notice of intent to withdraw by certified mail, return receipt requested, at least thirty (30) days prior to the intended or actual date of withdrawal. If during this thirty day period Agency and Operator cannot agree in writing to the Escrow or substitute Escrow, Operator agrees that Agency may immediately suspend the Operator's registration under Chapter 19.105 RCW, until such time as substitute Escrow can be agreed upon. Thereafter the parties agree that certain of the Escrow's duties under this Agreement may be immediately terminated by Escrow; provided, that Escrow under no circumstances shall make any transfer of funds, receivable or other assets in its possession or custody, to the Operator or other persons including creditors listed in the attached Schedule, Exhibit "B" without prior written approval of either the Agency or a court with jurisdiction under legal proceeding. Once the Escrow has given notice of intent or actually withdrawn under this section, Escrow shall continue to be responsible for receivables, funds and other assets held in its possession or under its custody pursuant to this Agreement, until Escrow has received either an order from the Agency or a court of competent jurisdiction in a legal proceeding authorizing transfer and providing instructions to Escrow where and to whom to transfer the funds, receivables or assets in its possession. Any membership payments received by Escrow during this term shall continue to be, placed in the depositories and held in safe keeping until Escrow has received instructions from the Agency or a court, covering the disposition of such funds.

7.3 If a successor Escrow has not been determined subsequent to the thirty day notice period, and the provision of Section 7.2, the Escrow may, after giving notice to the Agency and Operator, petition the courts to name a successor Escrow and/or to determine the disposition of the funds and receivables in its custody. Costs to the Escrow in any such legal proceeding shall be those of the Operator, and the Escrow may, with the approval of the court, or the Agency, be reimbursed for such costs from funds in the depositories.

ARTICLE VIII BENEFICIARY OF FUNDS AND ASSETS HELD IN THE IMPOUND

8.1 At all times during the term of this Agreement, the camping resort membership, as a class, shall be deemed the beneficiary of funds and receivables held by Escrow, including those funds projected to be collected from the membership receivables held by the Escrow under this Agreement. No lender, operator, creditor of the Operator, including those listed on attached schedule "B" receiver in a foreclosure action, trustee in bankruptcy, lien or judgement holder, their heirs assigns or successors in interest, shall have any legal claim or right of possession to any funds, receivables or other assets in possession of Escrow for purposes of this Agreement until such time as the Escrow, Agency or court of competent jurisdiction has actually released such funds, receivables or assets in compliance with and for the purposes stated in, this Agreement and Chapter 19.105 RCW. The authority for this provision is to be found in RCW 19.105.340 and the provisions of Chapter 19.105 RCW, generally, as well as in consideration of the mutual covenants and promises contained herein.

8.2 Creditors holding encumbrances to be retired under this Impound, shall have no legal claim to any receivables, funds in depositories or funds projected to be collected from receivables, unless or until such time as the funds have actually been transferred to the creditor, by the Escrow under this Agreement.

8.3 No previous, present or future individual member or the camping resort program, whether or not his/her membership receivable is in the Escrow hereunder, or any other person, shall have any claim to any funds, receivables or assets in the custody of Escrow under this Agreement, as an individual, as opposed to or partition of such funds or assets for his/her personal or individual purposes.

ARTICLE IX TERMINATION OF AGREEMENT

9.1 This agreement is irrevocable and shall terminate and the Escrow shall be discharged of all its responsibilities hereunder only at such time as one or a combination of the following events occur:

- (1) the Escrow has completed its duties under its provisions;
- (2) all of the parties thereto agree, in writing, to its termination;
- (3) the Agency or a court with jurisdiction in a legal proceeding, provides written instructions to the Escrow authorizing termination because of the occurrence of a contingency occurring under Section 9.2 of this Article; or
- (4) Escrow has elected to withdraw from its duties and has done so, in the manner required under Article VII of this Agreement.

9.2 The parties agree that during the term of this Agreement, should any of the following events occur, this Agreement shall be deemed temporarily suspended, or if events so dictate, terminable, upon written order of the Agency. Should any of such events occur, Escrow shall immediately cease making periodic payments on the Operator's obligations hereunder, until such time as written authorization to again make payment, is received; either from Agency or as an order from a court of competent jurisdiction is a legal proceeding:

- (1) The Operator, or any of its affiliates, either voluntarily file or is involuntarily placed into a federal bankruptcy proceeding by a creditor.
- (2) A creditor covered under this Agreement or judgement or lien holder, or other creditor not covered hereunder, either forecloses on a camping resort in the Operator's program or files a lawsuit, naming or involving the Operator or its affiliates, in connection with an encumbrance covered in the schedule attached under this agreement, or any lien or judgement affecting the properties.
- (3) An order is received by the Escrow from the Agency, requesting Escrow to stop making periodic payments, for reason stated in the order.
- (4) The Operator is proposing to withdraw properties covered hereunder, in violation of Chapter 19.105 RCW.
- (5) The Operator is convicted of a felony or crime prohibited under RCW 19.105.380 (e).

9.3 In the event of an occurrence covered under this Article or Article VII of this Agreement, a violation of Chapter 19.105 RCW or its rules, or a breach of other provision of this Agreement, the Agency, at its sole discretion, as authorized in RCW 19.105.460 and 470, may petition to the appropriate court for determination of disposition of the funds and membership receivables in the possession of the Escrow, and parties hereto shall thereafter act in compliance with any order of such court.

ARTICLE X REPORTS TO BE PROVIDED BY ESCROW

10.1 Escrow shall provide written monthly accounting reports to Agency and Operator, to be received on or before the 15th day of each month. Information in such reports shall include:

- (1) a list of all membership receivables in Escrow;
- (2) member addresses, date of their purchase;
- (3) amount of down payment;
- (4) schedule of payments and
- (5) other information required in this Agreement or that the Operator and/or Agency deems necessary to implement this Agreement and requests of the Operator or Escrow, whether or not specifically required in this Agreement.

ARTICLE XI RESTRICTIONS AGAINST ADDING ENCUMBRANCES:

11.1 Operator shall not further encumber the properties covered hereunder, or add creditors or debts to the schedule attached, without first providing both Agency and Escrow with written notification of intent to do so.

11.2 Operator shall not knowingly pledge, hypothecate, or otherwise further encumber the properties without first obtaining approval from the agency. All notices hereunder shall be by certified mail, return receipt requested.

ARTICLE XII BREACH OF AGREEMENT: NOTICE BY ESCROW

12.1 The parties agree that Escrow shall provide Agency with notice of any apparent breach of this Agreement by Operator or others. An Operator shall hold Escrow harmless from all claims by the Operator or other, for having given such notice to the Agency pursuant to Section 5.1 of this Agreement.

ARTICLE XIII DISPOSITION OF ACCRUED INTEREST AND EXCESS FUNDS:

13.1 Should for any reason, or at any time, the funds held or projected to be held in depositories exceed by \$200.00 or more, the funds needed to meet all payments under Article III Section 3.7 of this Agreement, Escrow may (with written notice to the Agency) disburse such excess funds directly to the Operator.

13.2 Any interest earned by the depository shall periodically, as it accrues, be deposited with funds in the depository under this Agreement, and disbursed in accordance with Article III Section 3.7 hereof.

ARTICLE XIV ESCROW DUTIES, RIGHTS AND RESERVATIONS:

14.1 Escrow and Operator undertake to perform only such duties as are expressly set forth herein and no implied duties are or shall be read into this Agreement against Escrow or Operator.

14.2 Escrow shall be paid its normal and customary fees as set forth in Exhibit "B" attached hereto, which fees shall be paid by a transfer of funds from the depositories by check to Escrow as such fees fall due or on a monthly basis.

14.3 If the parties shall be in disagreement about the interpretation of this Agreement, or about their rights and obligations, or the propriety of any action contemplated by the Operator hereunder, the Escrow may at its sole discretion, file an action in interpleader to resolve the disagreement. The prevailing party shall be indemnified for all costs, including reasonable attorney's fees, in connection with the aforesaid interpleader action and, provided the party is in compliance with this Agreement and Chapter 19.105 RCW, shall be fully protected in suspending all or part of its activities under this Agreement until a final judgement in the interpleader is received. The Agency shall, under no circumstances, be responsible for costs and attorney's fees to the prevailing party.

14.4 The Operator and Escrow may consult with counsel of its own choice and shall have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

ARTICLE XV NOTICES AND REPORTS:

15.1 All notices and communications required hereunder shall be in writing and shall be deemed to be duly given if sent by registered or certified mail, return receipt requested, to the respective parties, at the address as set forth by each party at the end hereof. It shall be the responsibility of each of the parties hereto, to give written notice to the others, of any change in its address as provided by the party at the end of this document.

ARTICLE XVI TRANSFER OF RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT:

16.1 The rights created by this Agreement shall insure to the benefit of, and the obligations created hereby shall be binding upon, the successors and assignees of each of the parties.

IN WITNESS, THEREOF, the parties hereto have executed this Agreement on the date prescribed above each of their signatures.

BY OPERATOR

Dated this _____ day of _____, 20____

X
Signature _____ Title _____

Printed Name _____

Camping Resort Name _____

Address _____

City _____ State _____ Zip _____
() _____
Business Telephone No. _____

BY ESCROW

Dated this _____ day of _____, 20____

X
Signature _____ Title _____

Printed Name _____

Escrow Company Name _____

Address _____

City _____ State _____ Zip _____
() _____
Business Telephone No. _____

BY AGENCY

Dated this _____ day of _____, 20____

X
Signature _____ Title _____

Printed Name _____

Division/Section _____

Address _____

City _____ State _____ Zip _____
() _____
Business Telephone No. _____