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LEASE

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THIS LEASE is made and executed on April 1, 1976, by and between RAFTER NINE CORPORATION, a corporation organized and existing under the laws of the state of Oregon, having its principal office at Klamath County, Oregon, herein referred to as "Lessor," and STILES ENTERPRISES, INC., a corporation organized and existing under the laws of the state of Oregon, having its principal office at Portland, Oregon, herein referred to as "Lessee";

W I T N E S S E T H :

Lessor leases to Lessee and Lessee hires from Lessor for the purpose of conducting therein any lawful business and for no other purpose, those certain premises with appurtenances situated in Klamath County, Oregon, more particularly described as follows:

A piece or parcel of land situate in the SW 1/4 NW 1/4 of Section 2, T. 41 S., R. 11 E., W.M., being more particularly described as follows:

Beginning at a point in the easterly right-of-way fence of the existing county road along the west line of said Section 2, from which point the East 1/4 corner of Section 10, T. 41 S., R. 11 E., W.M., bears N 89° 07' 50" W 27.0 feet and S 0° 02' 50" W 6148.5 feet distant; thence N 0° 02' 50" E along said easterly right-of-way fence 439.88 feet to a 5/8" iron pin; thence S 89° 57' 10" E 194.20 feet to a 5/8" iron pin reference monument; thence S 89° 57' 10" E 3.60 feet to a point; thence S 2° 15' 20" W 442.96 feet to a 5/8" iron pin; thence N 89° 07' 50" W 180.8 feet to the point of beginning, containing 1.90 acres, more or less, and being subject to all rights-of-way and/or easements of record or apparent on the premises.

The term of this lease shall be for a period of one (1) year commencing on April 1, 1976, and ending on April 1, 1977.

The total rent for the initial term shall be Three Thousand Dollars (\$3,000) which Lessee shall pay to Lessor without deduction or offset at such a place or places as may be designated from time to time by Lessor, in installments as follows: Lessee shall pay the sum of Two Hundred Fifty Dollars (\$250) per month

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payable on the 1st day of each month. The Lessor hereby acknowledges that it has received the rent due for the month of April, 1976, and for the month of May, 1976. In addition to the above monthly rental, the Lessee shall pay the sum of Ten Dollars (\$10) per month for the use and benefit of removing water from that certain well located North of the subject property on property owned by the Lessor. Said well is presently in existence and for the rental of Ten Dollars (\$10) per month and as part of the consideration of this lease, Lessee has the right to take water as needed for conducting its business on the leased premises.

Lessor covenants that Lessor is seized of the demised premises in fee simple and has full right to make this lease and that Lessee shall have quiet and peaceable possession of the demised premises during the term hereof.

All notices, demands or other writings in this lease provided to be given or made or sent, or which may be given or made or sent by either party hereto to the other, shall be deemed to have been fully given or made or sent when made in writing and deposited in the United States mail, registered and postage prepaid, and addressed as follows:

To Lessor : P. O. Box 1810 Klamath Falls, Oregon 97601

But: To Lessee : P. O. Box 1868 Klamath Falls, Oregon 97601

The address to which any notice, demand or other writing may be given or made or sent to any party as above provided may be changed by written notice given by such party as above provided.

Lessor shall be responsible for all real property taxes, assessments and other charges upon the real property during the term of this lease. Lessee shall be responsible for all personal property taxes assessed on its property located upon the premises during the term of this lease.

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If any action at law or in equity shall be brought to recover any rent under this lease or for or on account of any breach of or to enforce or interpret any of the covenants, terms or conditions of this lease, or for the recovery of the possession of the demised premises, the prevailing party shall be entitled to recover from the other party as part of the prevailing party's costs reasonable attorney's fees, the amount of which shall be fixed by the court and shall be made a part of any judgment or decree rendered.

Lessor grants to Lessee the option to purchase the demised premises and water rights on April 1, 1977, for the total sum of Five Thousand Dollars (\$5,000), said purchase price to be allocated One Thousand Five Hundred Dollars (\$1,500) for purchase of land and Three Thousand Five Hundred Dollars (\$3,500) for purchase of water rights and easement attached hereto as Exhibit "A," on the condition that Lessee gives thirty (30) days' notice in writing of the exercise of this option to Lessor, which notice may be given to William ^{Rehms} ~~Rehms~~ as agent of Lessor, that this lease shall not have been previously terminated and that Lessee has observed and complied with all terms and conditions of this lease required of Lessee up to the time of the exercise of that option and the payment of the purchase price therefor in the manner provided. Lessor shall convey the demised premises by warranty deed free and clear of all liens and encumbrances except those that Lessee may have created or suffered. The deed shall be accompanied by title insurance showing a good and unencumbered title passing under and by the resulting conveyance. Upon the delivery of the above described deed and title insurance, this lease shall become void.

IN WITNESS WHEREOF, we have hereunto set our hands the date first hereinabove written.

RAFTER NINE CORPORATION

By William Rehms
President

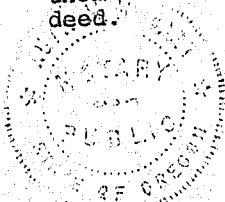
By Ralph Williams
Secretary

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STILES ENTERPRISES, INC.

By [Signature] PresidentBy [Signature] SecretarySTATE OF OREGON)
) ss.
County of Klamath)

Personally appeared before me this 8th day of June, 1976, William R. Hufman and Ralph C. Williams, who, being duly sworn, each for himself and not one for the other, did say that the former is the president and that the latter is the secretary of RAFTER NINE CORPORATION, a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and each of them acknowledged said instrument to be its voluntary act and deed.

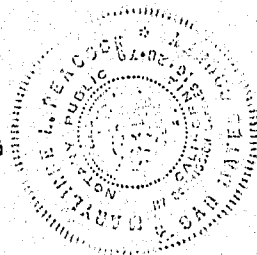
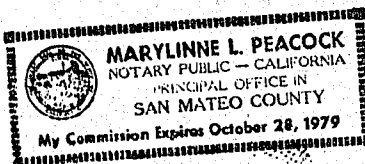


[Signature]
Notary Public for Oregon
My Commission expires: April 10, 1978

STATE OF CALIFORNIA)
) ss.
County of SAN MATEO)

Personally appeared before me this 2nd day of June, 1976, Steven F. Stiles and Jeffrey A. Johnsen, who, being duly sworn, each for himself and not one for the other, did say that the former is the president and that the latter is the secretary of STILES ENTERPRISES, INC., a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and each of them acknowledged said instrument to be its voluntary act and deed.

[Signature]
Notary Public for CALIFORNIA
My Commission expires: Oct. 28, 1979



STATE OF OREGON; COUNTY OF KLAMATH; ss.

Filed for record ON JUNE 14 12:31
this 14th day of JUNE A. D. 1976. at 12:31 o'clock PM. and
duly recorded in Vol. M 76, of DEEDS on Page 8769
FEE \$ 12.00
By [Signature] Wm. D. MILNE, County Clerk