

MTC-1396-518

Vol. M85 Page 13555

KNOW ALL MEN BY THESE PRESENTS: That Harbor Links, Inc. hereinafter referred to as the Assignor (whether one or more), in consideration of the sum of Ten Dollars (\$10.00) and other valuable considerations paid to the Assignor by South Valley State Bank, A state banking corporation, hereby sells, assigns, transfers and sets over unto said Bank, its successors and assigns, all of said Assignor's right, title and interest in and to that certain lease dated the 7th day of May, 19 85 by and between the Assignor, as lessee and JELD-WEN, Inc. as Lessor, an executed copy of which is attached hereto and made a part hereto and made a part hereof, covering the following premises in the City of Klamath Falls County of Klamath, State of Oregon, to-wit:

See attached Exhibit "A" and "B" by this reference made a part hereof.

This assignment is executed and delivered to said Bank as additional collateral security for a loan made to said Assignor by said Bank contemporaneously herewith any renewal or renewals thereof and as security for any further advances made to said Assignor by said Bank, and it is understood and agreed that the Assignor shall continue to perform all of the obligations imposed upon the Assignor as Lessee by the provisions of said lease. The Assignor hereby agrees to hold said Bank harmless from any and all claims that may arise as a result of the Assignor's failure to comply with the obligations upon said Assignor as Lessee by the provisions of said lease.

It is further understood and agreed that the Lessor shall notify Bank of any default of more than sixty days under said lease and Bank may have the option to cure said default and bring the loan payments current.

As a further consideration for the loan hereinabove referred to, the Assignor further covenants and agrees with the Bank that while this assignment is in full force and effect the Assignor, as Lessee, will not exercise any rights to terminate said lease under and by virtue of the provisions thereof or to amend the same without first obtaining the written consent of the Bank so to do.

Executed in triplicate this 15th day of August, 19 85.

Harbor Links, Inc.

BY: Ken Black (PRESIDENT)
Lessee

State of Oregon
County of Klamath

THIS IS TO CERTIFY that on this 15th day of August, 19 85, before me, the undersigned, a notary public in and for said County and State appeared the within named Ken Black, President known to me to be the identical person described in and who executed the within instrument, and acknowledged to me that he executed the same freely and voluntarily for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

Terrie L. Stachton
Notary Public for Oregon
My commission expires: 3-14-87

MOUNTAIN TITLE COMPANY, INC. has recorded this instrument by request as an accommodation only, and has not examined it for regularity and sufficiency or as to its effect upon the title to any real property that may be described therein.

85 AUG 26 PM 4 00

Ret: MTC

13556

The undersigned, JELD-WEN, Inc., Lessor named in the lease hereinabove referred to, hereby acknowledge receipt of an executed counterpart of the within and foregoing Assignment.

1. JELD-WEN, Inc. consents to said assignment instrument dated 7th day of May, 1985.
2. JELD-WEN, Inc. agrees to send written notice of any default of said lease to Bank and to give Bank at least 20 days from delivery of said notice to cure any said default before seeking legal action to enforce any of JELD-WEN, Inc.'s rights.
3. If Bank should exercise any of its assigned rights to take possession of the leased premises or to have a receiver appointed, Bank shall first cure any default under said lease. By the act of taking possession of the leased premises, Bank and Bank's receiver, assigned or designee agree to personally assume all liability for the performance of all lessee obligations thereunder.
4. Notices and demands hereunder shall be in writing and shall be sent to the below addresses; provided if a later address is known, they shall be sent to said later address.

DATED: August 15, 1985

SOUTH VALLEY STATE BANK

BY: 

5215 South Sixth Street
Klamath Falls, Oregon 97601

JELD-WEN, INC.

BY: 

3303 Lakeport Boulevard
Klamath Falls, Oregon 97601

HARBOR LINKS, INC.

BY:  (PRESIDENT)

P.O. Box 1089
Klamath Falls, Oregon 97601

The following described real property situate in Klamath County, Oregon:

A tract of land situted in Section 19, Township 38 South, Range 9 East of the willamette Meridian, Klamath County, Oregon, lying northerly and easterly of the Shippington Canal, more particularly described as follows:

Beginning at a point on the northerly right of way line of Harbor Isles Blvd., from which the center $\frac{1}{2}$ corner of said Section 19 bears $87^{\circ}03'39''$ West 30.66 feet; thence North $11^{\circ}13'15''$ West 535.52 feet; thence North $09^{\circ}32'22''$ East 1206.27 feet; thence North $41^{\circ}30'52''$ West 146.90 feet; thence North $10^{\circ}33'00''$ West 300 feet; thence North $44^{\circ}53'31''$ West 79.37 feet; thence along the arc of a curve to the left (Radius = 200 feet, central angle = $23^{\circ}12'06''$) 80.99 feet; thence North $68^{\circ}05'37''$ West 126.71 feet to a point A of this description; thence South $82^{\circ}00'00''$ West 200 feet, more or less, to the southerly edge of the mean high water in an existing canal; thence westerly and southerly along the mean high water in said canal and along the mean high water of Upper Klamath Lake to a point that bears South $46^{\circ}09'53''$ West 1510.10 feet from said point A; thence South $88^{\circ}27'17''$ East 279.89 feet; thence along the easterly bank of the said Shippington Canal: along the arc of a curve to the right (radius = 595.00 feet, cnetral angle = $87^{\circ}24'40''$) 907.74 feet; South $01^{\circ}05'56''$ East 224.07 feet; along the arc of a curve to the left (radius = 475.00 feet, central angle = $46^{\circ}35'39''$) 386.28 feet and South $47^{\circ}41'35''$ East 91.34 feet; thence South $79^{\circ}04'52''$ East 258.68 feet; thence South $23^{\circ}48'08''$ East 31.27 feet to the northerly right of way line of said Harbor Isles Blvd.; thence along said right of way line: along the arc of a curve to the left (radius point bears North $11^{\circ}14'26''$ East 225.00 feet, central angle = $23^{\circ}26'26''$) 92.05 feet, North $77^{\circ}48'00''$ East 350.00 feet to the point of beginning, containing 55 acres, more or less, with bearings based on Survey No. 2959 as recorded with the Klamath County Surveyor.

EXHIBIT B

13558

LEASE AGREEMENT

THIS LEASE is made this 7th day of May, 1985, between JELD-WEN, inc (hereafter called "Lessor") and Harbor Links, Inc., an Oregon corporation, (hereafter called "Lessee") at Klamath Falls, Oregon.

I

LEASE

Subject to the terms and conditions contained herein, Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the real property described in Exhibit A which is attached hereto and by this reference made a part hereof (hereinafter called the "Property"). Lessor hereby warrants that it is the owner of the Property and has the right to lease the Property free of all encumbrances except those now of record. Lessee hereby agrees and acknowledges that it accepts the Property "as is" and further acknowledges that Lessor has made no warranties or representations regarding the condition of the Property, or the title thereto, or the use that may be made thereof. Lessee hereby acknowledges that in accepting this Lease subject to any encumbrances and without any warranty from Lessor, that Lessee hereby expressly assumes all of the risks relating to its use of the Property.

II

TERM

Subject to Lessee's option to renew lease contained in Paragraph XXXIII hereof, the term of this Lease shall be for a period of twenty (20) years, commencing on May 7, 1985, and ending on May 6, 2005, unless sooner terminated pursuant to any provision of this Lease.

III

USES

The Property shall be used and occupied only for use as a golf course, including pro shop, restaurant and lounge, and for no other purpose without the Lessor's prior express written consent. Lessee shall not do, or permit to be done, anything in or about the Property which is unlawful, or which will in any way interfere with the Lessor's use of its adjoining property, including but not limited to, maintaining or permitting any nuisance, generating any offensive odors or committing waste.

IV

RENT

During the term of this Lease, Lessee shall pay to Lessor, at the office of Lessor located at 3303 Lakeport Blvd., Klamath Falls, Oregon, the following monthly rental payments, payable in arrears on or before the tenth (10th) day of each month, commencing on May 10, 1985: a sum equal to the greater of One Thousand Dollars (\$1,000.00) or ten percent (10%) of the Gross Receipts generated by Lessee's business during the preceding calendar month.

"Gross Receipts" shall mean the amount paid or payable for all goods and services sold or provided from the Property by Lessee or any other party, for cash or on credit, and including the value of any exchanges or trades. Sales made or services rendered by Lessee, directly or indirectly, from any other premises because of orders originating in or arising out of business transacted on the Property are included. The following shall not be included within Gross Receipts: bank or credit card charges paid by Lessee and sales tax collected or paid by Lessee.

Lessee shall keep proper books of account and other records pertaining to Gross Receipts and on or before the tenth (10th) day of each month, Lessee shall submit a copy of Lessee's unaudited financial statement (balance sheet and income statement) to Lessor, along with payment for the preceding month. The books and records shall be kept or made available at a location reasonably accessible to Lessor, who may inspect all such books and records and copies of Lessee's federal and state income tax returns, at all reasonable times.

In addition, Lessee shall be responsible for payment when due of all real and personal property taxes, and any and all other taxes and assessments that may be levied upon or against the Property or relating to Lessee's business located thereon. Lessee shall also be fully responsible for payment when due of any and all insurance expenses relating to the Property, all utility charges, and any other sums or charges relating to Lessee's use and occupancy of the Property, it being the parties' intent that Lessor shall have no expense relating to the Property. All of these expenses, including taxes, which Lessee is required to pay shall be considered additional rent, whether those expenses are payable to Lessor or to third parties.

V

LATE PAYMENT

Lessee acknowledges that late payment by Lessee to Lessor of rent or other amounts due under this Lease will cause Lessor to incur costs not contemplated by this Lease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs include, without limitation, processing and accounting charges, and late charges that may be imposed on Lessor by lenders. Therefore, if any installment of rent or any other amount due under this Lease from Lessee is not received when due, Lessee shall pay to Lessor an additional sum of ten percent (10%) of the overdue amount as a late charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Lessor will incur by reason of Lessee's late payment. Acceptance of any late charge shall not constitute a waiver of Lessee's default with respect to any overdue amount, nor prevent Lessor from exercising any other rights and remedies available to Lessor.

A payment is defined as being late when paid on the sixteenth (16th) day of the month or later.

VI

SECURITY DEPOSIT

Concurrently with the execution of this Lease, Lessee shall deposit with Lessor the sum of One Thousand Dollars (\$1,000.00) as security deposit. Said Security Deposit shall be held by Lessor as security for the faithful performance by Lessee of all the terms, covenants, and conditions of this Lease and shall be refundable to Lessee within thirty days following expiration of the lease term, subject to Lessor's right to offset against the deposit any sums owing from Lessee to Lessor. If Lessee defaults with respect to any provision of this Lease, Lessor may (but shall not be required to) use, apply, or retain all or any part of this Security Deposit for the payment of any amount which Lessor may spend by reason of Lessee's default or to compensate Lessor for any loss or damage which Lessor may suffer by reason of Lessee's default. If any portion of said Security Deposit is so used or applied, Lessee shall, within ten (10) days after written demand therefore, deposit cash with Lessor in the amount sufficient to restore the Security Deposit to its original amount. Lessee's failure to do so shall be a material breach and default of this Lease. Lessor shall not be required to keep this Security Deposit separate from its general funds. Lessor shall not be required to pay Lessee interest on amounts deposited pursuant to this paragraph.

VII

SALE OF BUSINESS,
ASSIGNMENT AND SUBLETTING

Without the prior written consent of the Lessor, which shall be not unreasonably withheld, Lessee shall not sell Lessee's business, merge with another corporation, sell or transfer all or a substantial portion of the assets of the corporation, sell or transfer all or a substantial portion of the stock of the corporation (whether or not said stock is presently outstanding) nor assign this Lease or any interest hereunder, and shall not sub-rent or sublet the Property, or any portion thereof, and shall not permit the use or occupancy of the Property by other than the Lessee or the agents and employees of the Lessee.

VIII

IMPROVEMENTS & ALTERATIONS

The Lessee shall not start any construction nor make improvements, alterations in or additions to said Property without first submitting the appropriate and complete plans and specifications therefor and obtaining the written consent of the Lessor, and all additions, improvements, fixtures (except the movable office furniture of the Lessee) made or added either by the Lessee or Lessor shall be and remain the property of the Lessor; provided, however, the Lessor may require that the Lessee remove upon termination of this Lease any fixtures or improvements added by the Lessee at the Lessee's expense.

IX

USES PROHIBITED

The Lessee will not use or permit in the Property anything that will increase the Lessor's cost of fire insurance on its property; or maintain anything that may be unreasonably dangerous to life or limb; or in any manner deface or injure said Property or any portion thereof, or overload the floors; or permit any objectionable noise or odor to escape or to be emitted from the Property; or permit anything to be done upon the Property in any way tending to create a nuisance, or to injure the reputation of the Property or to use or permit the use of the Property for lodging or sleeping purposes, or for any immoral or illegal purposes; and that the Lessee will comply at Lessee's own cost and expense with all orders, notices, regulations, or requirements of any municipality, state, or other government authority respecting the use of the Property.

X

LIABILITY FOR INJURY AND DAMAGE

The Lessor shall not be liable to the Lessee for damage to person or property resulting from the negligence of anyone else other than the Lessor, or for any damage to person or property resulting from any condition of the Property or other cause, including but not limited to damage by water, not resulting from the negligence of the Lessor.

The Lessee shall indemnify and save harmless the Lessor against and from any and all claims by or on behalf of any person, firm, or corporation arising from the conduct or management of or from any work or thing whatsoever done by the Lessee or its agents, contractors, servants, or employees in or about the Property, and will further indemnify and save the Lessor harmless against and from any and all claims arising from any breach or default on the part of the Lessee in the performance of any covenant or agreement on the part of the Lessee to be performed, pursuant to the terms of this Lease or arising from any act or negligence of the Lessee, or any of its agents, contractors, servants, or employees, occurring during the term of this Lease in or about the Property, and from and against all costs, counsel fees, expenses, and liabilities incurrent in or about such claim or action or proceeding brought thereon. In case any action or proceeding be brought against the Lessor by reason of any such claim, the Lessor may, at its option, require that the Lessee resist or defend such action or proceeding at the Lessee's own cost and expense and by counsel reasonably satisfactory to the Lessor.

Prior to taking possession hereunder, Lessee shall procure and thereafter continuously maintain at Lessee's expense, liability insurance in the minimum amount of One Million Dollars (\$1,000,000.00) covering all risks of personal injury and property damage arising directly or indirectly out of Lessee's activities on or any condition of the Property (whether or not related to an occurrence caused or contributed to by Lessor's negligence). Certificates evidencing such insurance and naming Lessor as co-insured along with the Lessee and bearing endorsement requiring 10 days written notice to Lessor, prior to cancellation or modification thereof, shall be furnished prior to Lessee's occupancy of the Property. Lessor's ability to proceed against Lessee for any deficiency, should a judgment be rendered against Lessor which is in excess of said insurance policy limits, shall not be impaired by the existence of said insurance policy.

XI

VACATION OR ABANDONMENT

Upon vacation or abandonment of the Property by the Lessee without the written consent of the Lessor endorsed hereon, the Lessor may forthwith enter upon the Property, or any portion thereof, and re-let and otherwise exercise control over the same and that for the purpose of such re-letting the Lessor is authorized at the cost of the Lessee to make any repairs, changes, alterations, or additions in or to the Property which may be necessary in the opinion of the Lessor for the purpose of such re-letting, and such entry and control shall not release the Lessee from the obligations herein, but Lessee shall nevertheless remain liable and continue bound, unless the Lessor, at Lessor's election, shall cancel the Lease, and in the event cancellation shall be effected and Lessor and Lessee released from all obligations thereunder thereafter to accrue, upon the mailing of such notice of cancellation by Lessor to Lessee pursuant to this Lease.

XII

SIGNS

No sign, picture, advertisement, or notice shall be displayed, inscribed, painted, or affixed to any of the glass or woodwork of the Property, except such as shall be first approved by the Lessor.

Lessee shall comply with, and hold Lessor harmless for, any sign ordinances passed by any governmental agency related to the signs of the Lessee.

Lessee shall be responsible for obtaining and maintaining liability insurance in the amount of one million dollars (\$1,000,000) **ELECTRICAL AND MECHANICAL DEVICES**

The Lessee shall not, without Lessor's written consent, operate or install any electrical equipment or operate or install any machinery or mechanical device on the Property other than that normal for the intended use of the Property.

XIV

ELECTRICAL INSTALLATIONS

No electric wiring, telegraph call boxes, or telegraphic, telephonic, or other electrical apparatus, including air conditioning equipment, shall be installed, maintained, or operated on the Property except with the approval of and in a manner satisfactory to the Lessor.

XV

CARE OF PROPERTY

The Lessee shall at all times take good and reasonable care of the Property and shall, at Lessee's sole expense, maintain the Property in good condition. Lessor shall have no duty to make any repairs or perform any maintenance with regard to the Property except none

XVI

SURRENDER OF PROPERTY

At the expiration of or sooner termination of this Lease, the Lessee will surrender and deliver up the Property to the Lessor, or those having the Lessor's estate therein, in the same good condition as the Lessee is required to maintain the Property, reasonable and ordinary wear and tear excepted.

XVII

ACTION OR SUIT

If any suit or action or appeal thereof is instituted by either party of the enforcement of any covenant contained in this Lease, the prevailing party shall recover, in addition to costs and disbursements, such attorneys' fees as the court may adjudge reasonable to be allowed in such suit or action or appeal thereof.

XVIII

MORTGAGE & LIENS

The Lessee shall not suffer or permit any mortgage, trust deed, or other security interest to be filed against the Property or Lessee's leasehold interest therein, without Lessor's prior written consent.

The Lessee shall not suffer or permit any mechanic's lien or any other lien to be filed against the fee of the Property or against the Lessee's leasehold interest in said Property by reason of work, labor, services, or materials supplied or claimed to have been supplied to the Lessee or anyone holding the Property or any part thereof through or under the Lessee, and nothing in this Lease contained shall be deemed or construed in any way as constituting the consent or request of the Lessor, express or implied, by inference or otherwise, to any contractor, subcontractor, laborer, or material man for the performance of any labor or the furnishing of any materials for any specific improvement, alteration, or repair of or to the Property or any part thereof, nor as giving the Lessee any right, power, or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any mechanic's liens or any other lien against the fee of the Property. If any such mechanic's lien or any other lien shall at any time be filed against the Property, Lessee shall, within twenty (20) days after the date of filing of such lien, secure the discharge of the lien or deposit with Lessor cash or sufficient corporate surety bond or other surety satisfactory to Lessor in an amount sufficient to discharge the lien plus any costs, attorney fees, and other charges that could accrue as a result of a foreclosure or sale under the lien.

XIX

USES ON ADJOINING PROPERTY

Lessee hereby acknowledges that Lessor operates, and has operated for twenty-five years, a wood products manufacturing operation on the property adjoining the Property, which operation can and has produced noise, sawdust, odors and similar products which could have some effect on the use of the Property. Lessee further acknowledges that Lessor shall not change, modify, suppress or curtail any of its existing practices or operations due to or on account of the grant of this Lease and that Lessee shall have no right or claim against Lessor for or on account of Lessor's conduct of its business in such a manner.

Notwithstanding, such acknowledgment, Lessee shall not be held liable for any damage to the Property caused in whole or in part by the operation of the Lessor's business.

DAMAGE TO PROPERTY

In case the Property shall be destroyed or damaged by fire or other casualty, making the Property untenable, the Lessee may at Lessee's option, exercised within thirty (30) days from the happening of the casualty, elect to terminate this Lease or

to repair said damages. If the Lessee does not so elect to repair said damages, or the Property shall have been wholly destroyed, the Lease may be terminated by either party as of the date of such damage. If the Lessee elects to repair said damages, the Lessee shall, at its own expense, promptly repair said damages to Property.

XXI

DEFAULT, INSOLVENCY, AND DAMAGES

If the rent shall be in arrears for a period of thirty (30) days; or if the Lessee fails to keep or perform any of the covenants or conditions of this Lease and such shall remain in default for a period of thirty (30) days following Lessee's receipt of written notice from Lessor setting forth such default; or if the leasehold interest of the Lessee shall be attached or levied on under execution; or if a petition is filed by Lessee for an arrangement with his creditors under Chapters 11 or 13 of the Bankruptcy Act; or if the Lessee shall be declared bankrupt or insolvent according to law; or if any assignment of the Lessee's property shall be made for the benefit of creditors, or otherwise, or if the Lessee fails to make prompt payment of any amounts due the Lessor in connection with the Lessee's occupancy of the Property, then, and in any of said events, the Lessor may at the Lessor's option at once, without further notice to the Lessee or any other person, terminate this Lease, and upon the termination of this Lease by its terms, the Lessee will at once surrender possession of said Property to the Lessor and remove all the Lessee's effects therefrom; and if such possession be not immediately surrendered, the Lessor may forthwith enter into and on the Property and repossess them as of the Lessor's former estate and expel the Lessee, or those claiming under the Lessee, and remove the effects of any of them, forcibly if necessary, and lock the Property, without being deemed guilty in any manner of trespass and without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenant, and, except as otherwise stated, that in such event the Lessee expressly waives the service of any notice of intention so to terminate this Lease or to retake the Property, and waives service of any demand for payment of rent or for possession, of any and every other notice or demand prescribed by any law of the State of Oregon.

In the event of termination on default, Lessor shall be entitled to collect rents due from any sublessee or assignee of the Lessee, any of which sums collected shall be a credit against amounts owed by the Lessee under this paragraph.

In the event of termination on default, the Lessor shall be entitled to immediate payment of, without waiting until the date of any future rent or until the date fixed for expiration of the Lease term, any excess of the value of the Lessee's obligations under this Lease, including the obligation to pay rent, from the date of default until the end of the term over the reasonable rental value of the Property for the same period figured as of the date of default, plus the reasonable costs of re-entry and reletting, including, without limitation, the cost of any cleanup, refurbishing, removal of the Lessee's property and fixtures, or any other expense occasioned by the Lessee's failure to quit the Property upon termination or to leave them in the required condition, any remodeling costs; attorneys' fees, court costs, broker commissions and advertising costs, plus the unpaid cost of any tenant improvements being amortized over the term of this Lease, plus the amount of the loss of reasonable rental value from the date of default until a new tenant has been, or with the exercise of reasonable diligence could have been, secured.

XXII

EMINENT DOMAIN

If the Property, or any part thereof, in which the same are located, or any part thereof, shall be taken or acquired by any municipal or other corporation having the right of eminent domain, either under said right or by purchase without the exercise of said right, the Lessee may at its option terminate this Lease, however, the parties shall share in the proceeds of such condemnation or sale as their respective interests may appear.

XXIII

If the Lessee shall hold over after the expiration of the term of this Lease, and shall not have agreed in writing with the Lessor upon the terms and provisions of a new Lease prior to such expiration, the Lessee shall remain bound by all the terms, covenants, and agreements hereof, except that the tenancy shall be one from month to month.

XXIV

UTILITIES

Lessee shall make all arrangements for and pay for all utilities which are run through separate meters or which are otherwise subject to direct billing to the Lessee.

XXV

13568

WAIVER OF BREACH OF COVENANT

Any waivers of any terms, conditions and obligations contained in this Lease shall be in writing. The covenants of this Lease are continuing covenants and the waiver by the Lessor of breaches of said covenants shall not be deemed a waiver of subsequent breaches thereof.

XXVI

MODIFICATION

This Lease may not be modified except by endorsement in writing attached to this Lease, dated and signed by all the parties hereto, and Lessor shall not be bound by any oral or written statement of any servant, agent, or employee modifying this Lease.

XXVII

PARTIES AFFECTED

The rights, liabilities, and remedies provided for herein shall extend to the heirs, legal representative, successors and, so far as the terms of this Lease permit, assigns of the parties hereto, and the words "Lessor" and "Lessee" and their accompanying verbs or pronouns, wherever used in this Lease, shall apply equally to all persons, firms, or corporations which may be or become parties hereto.

XXVIII

WAIVER OF SUBROGATION

Lessee shall be responsible for insuring the Property, for insuring its personal property, all improvements to the Property, and all trade fixtures located on the Property. Subject to any provisions to the contrary contained in Paragraph X, neither party shall be liable to the other for any loss or damage caused by water damage, sprinkler leakage, or any of the risks covered by a standard fire insurance policy with an extended coverage endorsement; and in the event of insured loss, neither party's insurance company shall have a subrogated claim against the other.

XXIX

SUBORDINATION

13569

This Lease shall be subject and subordinate to such liens and encumbrances as are now on or as Lessor may hereafter impose on the Property, and the Lessee shall upon request of Lessor, execute and deliver agreements of subordination consistent herewith; provided, however, that Lessor shall indemnify, defend and hold Lessee harmless from and against any claims, damages or losses arising out of any foreclosure action by the holder or owner of any such liens or encumbrances.

XXX

INSPECTION

Lessor shall have the right to enter the Property, during normal business hours, for the purpose of inspection (or to do general maintenance or make repairs). Lessor shall give reasonable notice to Lessee of pending routine inspections.

XXXI

NOTICE

Any notice or other communication required or permitted under this Lease shall be in writing and shall be deemed given when personally served or in lieu of such personal service, three (3) days after such notice is deposited in the United States Mail, postage prepaid, registered or certified, addressed to the Party to whom notice is to be given at the address set forth below:

Lessor

JELD-WEN, inc.

P.O. Box 1329
Klamath Falls, OR 97601

ATTN: Corporate Counsel

Lessee

Harbor Links, Inc.

Klamath Falls, OR 97601
ATTN: President

XXXII

13570

INTERPRETATION

In construing this Lease and whenever the context hereof so requires, the masculine gender includes the feminine and the neuter, and the singular includes the plural.

XXXIII

OPTION TO RENEW

Lessor hereby grants to Lessee the right and option to renew this Lease at the expiration hereof for an additional twenty (20) year term so long as: (1) This Lease is not then in default, (2) Lessee provides written notice to Lessor not sooner than September 1, 2003, nor later than February 28, 2004, of Lessee's election to so renew this Lease, and (3) Lessor does not exercise Lessor's option to acquire Lessee's business pursuant to Paragraph XXXIV hereof.

The terms and conditions of the Lease for the renewal term shall be identical with those contained herein except for rent. Rent for the renewal term shall be determined and agreed to by the parties within sixty (60) days following the date Lessee sends its written notice to renew this Lease; provided, however, that if the parties do not agree upon the rent, the rent shall be determined by a qualified, independent real estate appraiser familiar with commercial rental values in the area. The appraiser shall be chosen by the Lessee from a list of not fewer than three such individuals submitted by the Lessor. If Lessee does not make the choice within five days after submission by Lessor, Lessor may do so. If Lessor fails to provide such a list within 10 days after written request from Lessee, Lessee may name as an arbitrator any individual with such qualifications. Within thirty days of his or her appointment, the appraiser shall return his or her decision which shall be final and binding upon both parties. The cost of the appraisal shall be borne equally by both parties. Notwithstanding the foregoing, in no event shall the rent for the renewal term be less than the rent contained herein for the original term.

XXXIV

LESSOR'S OPTION TO ACQUIRE LESSEE'S BUSINESS

Lessee hereby grants Lessor the exclusive one-time right and option to purchase Lessee's business (by a sale of all assets of Lessee or, if all of the parties agree, by a sale of all of the outstanding stock) including, without limitation, the ownership and operation of the golf course, restaurant, lounge and pro shop and any and all related rights, options, and privileges associated therewith and appurtenant thereto, on the following terms and conditions: (1) this option may only be exercised by Lessor giving Lessee written notice of Lessor's election to exercise said option by September 1, 2004, or 60 days following receipt of a final and binding arbitration decision under Paragraph XXXIII hereof, whichever is later; (2) this option may only be exercised at the expiration of the original twenty (20) year term of this lease or upon the earlier termination thereof; and (3) the purchase price shall be equal to six (6) times the average annual after-tax net income, as computed under generally accepted accounting practices and principles, consistently applied, of Lessee's business during the three (3) complete fiscal years preceeding the termination of this Lease.

XXXV

RIGHT OF ACCESS

In addition to the grant of this Lease, and in the event Lessee acquires the ownership or right to use the Property located north of Lessor's Property, which property is currently owned by Robert Ellingson, Lessor hereby agrees to provide Lessee with the right to reasonable access across Lessor's property adjacent to and north of the Property, in order to reach the Ellingson property. The precise location of this right of access shall be at Lessor's discretion and shall exist only so long as this Lease or any renewal hereof, is effective.

IN WITNESS WHEREOF, the parties hereby have executed this instrument in duplicate at the place and on the day and year first above written, any corporate signature being by authority of the Board of Directors.

Lessor:

JELD-WEN, inc.

Lessee:

Harbor Links, Inc.

by: [Signature]
Title: Pres

by: [Signature]
Title: President

LEASE AGREEMENT - Page 14 of 14

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of August A.D., 19 85 at 4:00 o'clock P M., and duly recorded in Vol. M85 day
of Deeds on Page 13555

FEE \$69.00

Evelyn Biehn,
By [Signature]

County Clerk