

MTC 1396-9831
IMPROVEMENT AGREEMENT

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

THIS AGREEMENT relating to the completion of improvements being constructed on Lot 603 of Running Y Resort, Phase 7, hereafter referred to as "Club Property", is made and entered into this 2nd day of April, 1999, by and between **RUNNING Y RESORT, INC.**, an Oregon corporation (the "RYR"), **EAGLE CREST INC.**, an Oregon corporation doing business as **EAGLE CREST COMMUNITIES** (the "Developer") and **THE EAGLE CREST VACATION CLUB**, an Oregon nonprofit mutual benefit corporation (the "Club").

RECITALS

WHEREAS, RYR has conveyed fee ownership of the Club Property at Running Y Ranch Resort to Club, and Developer has made it a part of Club's Vacation Ownership Program in accordance with the Declaration of Vacation Ownership Program (Eagle Crest Vacation Club - Running Y Ranch Resort) recorded March 30, 1999 in the office of the County Recorder for Klamath County, Oregon (the "Declaration"); and

WHEREAS, RYR is completing construction of an eight-plex condominium style structure on the Club Property all in accordance with plans and specifications as described in Section 2 herein; and

WHEREAS, Paragraph 6.1 of the Declaration provides that Developer may enter into an agreement with Club for completion of improvements; and Developer wishes to provide a good and sufficient form of security to provide for the completion of such improvements by RYR.

NOW, THEREFORE, it is hereby agreed by and between the parties above mentioned, for and in consideration of the mutual promises hereinafter stated:

1. The real property subject to this Agreement, hereinafter referred to as the "Club Property", is specifically described in the attached **Exhibit A**.
2. RYR shall install and complete or cause to be installed and completed, those improvements that remain to be completed in accordance with specifications as set forth in the attached **Exhibit B**. All such improvements, referred to as "required improvements", shall be completed and inspected by and receive approval for occupancy from Klamath County no later than May 1, 1999.
3. Club shall have the right to make inspections of the required improvements. If Club determines that the required improvements have not been completed as specified by the completion date established in Section 2 herein, Club or its agents may cause the required improvements to be completed to required specifications and call upon any assets of Developer to recover from Developer the full cost and expense of completing the required improvements, together with court costs and attorney's fees necessary to collect said amounts.

4. This Agreement is made for the benefit of Club and not Developer or RYR.
5. Developer shall pay to Club the actual costs incurred, if any, in the inspection of the completed required improvements.
6. The original of this Agreement shall be recorded with the Klamath County Clerk and shall be a condition and covenant that shall run with the land and be for the benefit of the Club Property. It is the intent of the parties that the provisions of this Agreement shall be binding upon and for the benefit of the parties, their successors, heirs, executors, administrators, and assigns or any other party deriving any right, title or interest in or to the Club Property, including any person who holds such interest as security for the payment of any obligation, including the Mortgagee or other secured party in actual possession of said real property by foreclosure or otherwise or any person taking title from such security holder.
7. By their signatures, all signatories to this Agreement signing in a representative capacity certify that they are authorized to sign on behalf of and to bind their respective principals.
8. This Agreement shall terminate immediately upon completion of the required improvements as described in Section 2 herein and the delivery of the Certificate of Occupancy to Club.
9. Club is not, by virtue of this Agreement, a partner or joint venturer with RYR or Developer in connection with RYR's construction activities, and shall have no obligation with respect to RYR's or Developer's debts or any other liabilities of each and every nature.
10. RYR shall be responsible for any and all injury to any and all persons or property caused directly or indirectly by reason of any and all activities by RYR in the completion of the improvement required, and further agrees to indemnify, save harmless and defend the Club, its officers, agents and employees from and against all claims, suits, actions, damages, costs, losses and expenses in any manner resulting from, arising out of, or connected with any such injury.
11. In the event an action or suit or proceeding, including appeal therefor, is brought for failure to observe any of the terms of this Agreement, Club shall be entitled to recover in addition to other sums or performances due under this Agreement, reasonable attorney's fees and costs as the court may adjudge in said action, suit, proceeding or appeal.
12. Waiver of the strict performance of any provision of this Agreement shall not constitute the waiver of any other provision of the Agreement.
13. The parties to this Agreement shall accept notices at the following addresses:

RYR:

Running Y Resort
Attn: Lauri J. Miller
P. O. Box 1215
Redmond, OR 97756

Developer:

Eagle Crest Inc.,
Attn: Lauri Miller
P.O. Box 1215
Redmond, OR 97756

Club:

The Eagle Crest Vacation Club
Attn: Jerol E. Andres
P. O. Box 1215
Redmond, OR 97756

12150

DATED this 2nd day of April, 1999.

R.Y.R.:

RUNNING Y RESORT, INC.

BY [Signature]
ITS Asst Secretary

DEVELOPER:

EAGLE CREST INC.

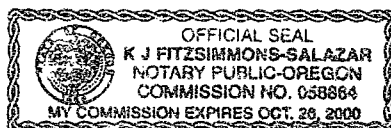
BY [Signature]
ITS Asst Secretary

CLUB:

THE EAGLE CREST VACATION CLUB BY [Signature]
ITS President

STATE OF OREGON)
COUNTY OF DESCHUTES) ss.
)

The foregoing instrument was acknowledged before me this 2nd day of April, 1999 by Lauri Miller, the Asst Secretary of RUNNING Y RESORT, INC., an Oregon corporation.

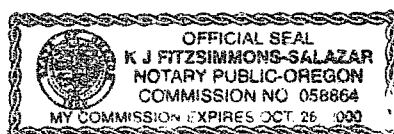


WITNESS my hand and official seal

K J Fitzsimmons-Salazar
NOTARY PUBLIC FOR OREGON
My commission expires: 10/26/2000

STATE OF OREGON)
COUNTY OF DESCHUTES) ss.
)

The foregoing instrument was acknowledged before me this 2nd day of April, 1999 by Lauri Miller, the Asst Secretary of EAGLE CREST, INC., an Oregon corporation.

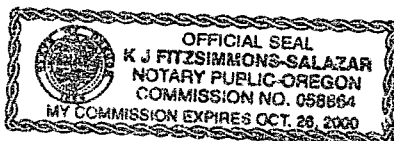


WITNESS my hand and official seal

K J Fitzsimmons-Salazar
NOTARY PUBLIC FOR OREGON
My commission expires: 10/26/2000

STATE OF OREGON)
COUNTY OF DESCHUTES) ss.
)

The foregoing instrument was acknowledged before me this 2nd day of April, 1999 by Sam E. Andres, the President of THE EAGLE CREST VACATION CLUB, an Oregon nonprofit mutual benefit corporation.



WITNESS my hand and official seal

K J Fitzsimmons-Salazar
NOTARY PUBLIC FOR OREGON
My commission expires: 10/26/2000

EXHIBIT A
to the Improvement Agreement

"Club Property"
Real Property Description

Lot 603 of Running Y Resort, Phase 7 recorded May 18, 1998 in the Official Records of Klamath County Recorder, Klamath County, Oregon.

EXHIBIT B
to the Improvement Agreement

Required Improvements and Specifications

REQUIRED IMPROVEMENTS:

"Required Improvements" means completion of one building containing eight (8) residential units, configured with 6 units with two (2) bedrooms and two (2) bathrooms consisting of approximately 1,256 square feet each, 1 unit with one (1) bedroom and one (1) bathroom consisting of approximately 993 square feet and 1 unit with three (3) bedrooms and two (2) bathrooms consisting of approximately 1,453 square feet (known as "Building 1"), including related sitework and utility construction required in order to obtain a Certificate of Occupancy from the Klamath County.

SPECIFICATIONS:

ENUMERATION OF CONSTRUCTION DOCUMENTS:

The requirements for Building 1 are described in the Construction Documents prepared by Barber Barrett Turner Architects, 960 S.W. Disk Drive, Suite A, Bend, Oregon and further defined as follows:

PROJECT MANUAL: Titled "Running Y Ranch Resort Condominiums, Klamath Falls, Oregon" and dated June 8, 1998, which includes:

Specifications, Division 1 through 16, 28 pages.

Door Schedules, 2 pages.

Window Schedule, 1 page.

Interior Finish and Color Schedule, 1 page.

Exterior Finish and Color Schedule, 2 pages.

Architectural Details, AD/1 Through AD/15.

Structural Details, SD/1 through SD/7.

DRAWINGS: Titled "Running Y Ranch Resort Condominiums, Building 1 & 2, Klamath Falls, Oregon" and dated June 8, 1998, which include

Architectural Drawing Sheets A1 through A13

Structural Drawings Sheets S1 through S3.

SUPPLEMENTAL INSTRUCTIONS: Titled "Architects Supplemental Instructions No. 1" and dated August 17, 1998, including the attachments listed therein.

ECVC Improvement Agreement

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STATE OF OREGON : COUNTY OF KLAMATH: ss.

Filed for record at request of Ameri title the 5th day
of April A.D. 1999 at 11:17 o'clock A. M., and duly recorded in Vol. M99
of Deeds on Page 12148

FEE

\$35.00

Linda Smith, County Clerk

by Kathleen Rose