

After recording return to:
Three Sisters Development Co., Inc.
377 SW Century Drive
Bend, OR 97702

Tax Statement sent to:
NO CHANGE

Vol M00 Page 46377

LEASE AGREEMENT FOR REAL PROPERTY

THIS AGREEMENT, entered into this 17 day of November, 2000, by and between Dennis J. Daly and Norma L. Daly (hereinafter referred to as Landlord), residing at P.O. Box 3127, Newberg, OR 97132, and Three Sisters Development Co., Inc., an Oregon corporation (hereinafter referred to as Tenant), residing at 377 SW Century Drive, Bend, OR 97702.

WITNESSETH:

WHEREAS, Tenant desires to lease certain real property for the construction of a building on the below described property;

WHEREAS, Landlord desires to lease certain property to Tenant for construction of a building; and

WHEREAS, the parties wish to memorialize their agreement; now, therefore, it is hereby mutually agreed as follows:

1. **PREMISES:** Upon and subject to the terms, covenants, and conditions hereinafter set forth, Landlord hereby leases to Tenant the "premises" identified on the attached Exhibit "A" which is incorporated herein by this reference.

2. **TERM:** The premises are leased for a term commencing the 23rd day of October, 2000, and continuing thereafter for a period of thirty-five (35) years through the 23rd day of October, 2035. The Tenant may choose not to renew the lease upon thirty (30) days notice, in writing, before the end of each one year term.

3. **RENT:** Tenant agrees to pay Landlord, as rent and charges, the sum of Two Hundred Fifty Dollars (\$250.00) per month during the term of this lease. This amount shall be renegotiated at the end of each one year rental period, not to exceed four (4) percent per annum. This amount shall be renegotiated at the end of the construction period.
4. **HOLD HARMLESS:** Landlord agrees to hold the Tenant harmless from any liability by reason of bodily injury to any person or persons on or about the premises.
- 4.1 Tenant agrees to hold the Landlord harmless from any and all liability by reason of personal services provided by Tenant to any person or persons on or about the premises.
5. **SIGN BOARD:** Landlord will permit Tenant to display, during business hours, a sign board, which sign will be permitted only at such locations as designated by the Landlord. Tenant, however, is to be provided with a suitable location for said sign board, at or near entrance of premises, as well as at or near location of space designated for Tenant, at all time during the period covered by this lease.
6. **UTILITIES:** Landlord agrees to provide at no cost to Tenant, light, heat, power, and water furnished or supplied to any part of the premises.
7. **TELEPHONE SERVICES:** Tenant shall provide his own telephone services to the premises.
8. **LICENSES AND/OR PERMITS:** Tenant agrees to obtain prior to commencement of lease any and all licenses and/or permits necessary with any governmental authority and/or agency for construction and operation of a commercial building upon the premises of Landlord.
9. **INSURANCE:** Tenant shall obtain any and all insurance necessary in constructing and operating the commercial building.

10. **COMPLIANCE WITH LAW:** Tenant further agrees not to engage in or permit any unlawful business on the premises. Tenants will not permit any use of the premises that will disturb or interfere with other Tenants within the premises.

11. **NON PARTNERSHIP PROVISION:** This contract shall not be construed as a Partnership Agreement between the parties, but shall be designated solely as a lease between Landlord and Tenant. Further, this contract shall not be construed as an Employment Agreement and Landlord shall not be responsible for any employees of the Tenant.

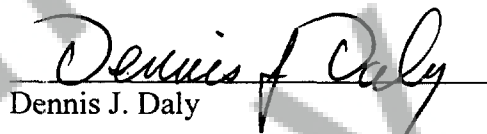
12. This Contract shall be construed in accordance with the laws of the State of Oregon, and venue for any such action shall lie within Deschutes County.

TENANT

Three Sisters Development Co., Inc.

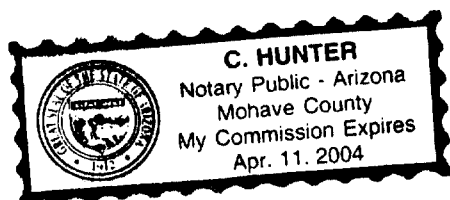


Brian D. Stevens, Sec./Treas.

LANDLORD
Dennis J. Daly
Norma L. Daly

STATE OF ^{Arizona} ~~OREGON~~)
)ss.
 County of Mohave)

This instrument was acknowledged before me on this 17 day of NOV.,
 2000, by Dennis J. Daly and Norma L. Daly.



C. Hunter
 Notary Public for Oregon AZ
 My Commission Expires: 4-11-04

STATE OF OREGON)
)ss.
 County of Deschutes)

This instrument was acknowledged before me on this 27th day of October, 2000, by
 Brian D. Stevens as Secretary/Treasurer for Three Sisters Development Co., Inc.



S. Phinney
 Notary Public for Oregon
 My Commission Expires: 10-10-04

EXHIBIT 'A'

Lot 197, RUNNING Y RESORT, PHASE 3, according to the Official Plat thereof on file in the Office of the County Clerk of Klamath County, Oregon.

State of Oregon, County of Klamath
Recorded 12/27/00, at 8:58a m.
In Vol. M00 Page 46377
Linda Smith,
County Clerk Fee\$ 41⁰⁰