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MEMORANDUM OF LEASE

BE IT KNOWN THAT on March 9, 2001, KLAMATH FALLS INTERCOMMUNITY HOSPITAL AUTHORITY entered into a Restated Lease with MERLE WEST MEDICAL CENTER, INC., the successor in interest to West Living Centers, Inc., of real property described in the attached Exhibit "A" for a term commencing March 9, 2001 and ending April 1, 2090 unless extended as therein provided. This lease also extinguishes the Sublease between Klamath Falls Intercommunity Hospital Authority and West Living Centers, Inc., recorded August 25, 1988 in volume M88 on page 13782, records of Klamath County, Oregon.

Said Lease further grants unto Merle West Medical Center, Inc. the option to purchase the property on certain terms and conditions therein provided.

Dated this 15 day of March, 2001.

**KLAMATH FALLS INTERCOMMUNITY
HOSPITAL AUTHORITY**

Tim Amuchastegui
President

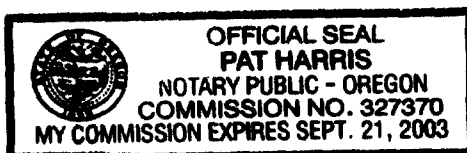
Betty Dickson
Secretary

State of Oregon)
)ss.
County of Klamath)

On this 15 day of March, 2001, before me personally appeared Tim Amuchastegui and Betty Dickson, who, each being first duly sworn did say that the former is the President and the latter is the Secretary of the Klamath Falls Intercommunity Hospital Authority (Authority), and that the instrument was signed on behalf of said Authority; and that each of them acknowledge said instrument to be the voluntary act and deed of the Authority.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Pat Harris
NOTARY PUBLIC for Oregon
My Commission expires: 9-21-2003



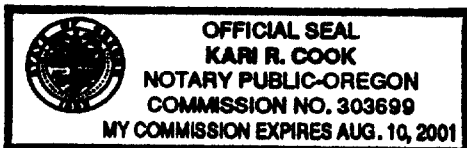
MERLE WEST MEDICAL CENTER, INC.
(Formerly known as West Living Centers, Inc.)

[Signature]

State of Oregon)
)ss.
 County of Klamath)

On this 20th day of March, 2000, before me personally appeared Paul R. Stewart
 _____ and _____, who, each being first duly sworn did say that
 the former is the _____ and the latter is the President/CEO of
 Merle West Medical Center, Inc., and that the instrument was signed on behalf of said Merle
 West Medical Center, Inc.; and that each of them acknowledge said instrument to be the
 voluntary act and deed of Merle West Medical Center, Inc.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Kari R. Cook
 NOTARY PUBLIC for Oregon
 My Commission expires: 8/10/01

Exhibit A

**Klamath Falls Intercommunity Hospital Authority/
Merle West Medical Center, Inc.
Restated Lease**

The real property situated in Klamath County, State of Oregon, described as follows, to-wit:

Parcel 1

A tract of land situated in the SW1/4 NE1/4 of Section 20, Township 38 South, Range 9 East, Willamette Meridian, Klamath County, Oregon, being a portion of Blocks 7 and 8 and vacated Hilltop Street, McLoughlin Heights Subdivision, more particularly described as follows:

Commencing at the Northeast corner of McLoughlin Heights; thence South 0°46'00" West along the East boundary of McLoughlin Heights 100.00 feet to the true point of beginning of this description; thence South 0°46'00" West along the East boundary of McLoughlin Heights 572.30 feet to the North boundary of Foothills Boulevard; thence 40.57 feet along the arc of a 20.00 foot radius curve to the right (the long chord of which bears South 58°53' West 33.97 feet); thence North 63°00'00" West along the North boundary of Foothills Boulevard 104.35 feet; thence 482.81 feet along the arc of a 774.83 foot radius curve to the left (the long chord of which bears North 80°51'03" West 475.03 feet); thence leaving said road boundary North 20°39'40" East 504.11 feet; thence South 89°21'00" East 420.87 feet to the true point of beginning, containing 5.89 acres, more or less.

TOGETHER with the Northerly one-half of vacated Foothill Boulevard abutting the Southerly boundary of the above described parcel

Parcel 2

Lots 8, 9, 10, 11, 12, 13, 14 and 15 in Block 6 of McLoughlin Heights Addition to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Subject to: i) Reservations and restrictions in the dedication of McLoughlin Heights.

State of Oregon, County of Klamath
Recorded 03/22/01, at 8:03 a. m.
In Vol. M01 Page 11419
Linda Smith,
County Clerk Fee \$ 31.00

Pl: Jim Ucklings, Esq.
803 Main St Ste. 201
K-Falls 97601