

After recording return to:
Cottonwood Mtn. Development, L.L.C.
377 SW Century Drive
Bend, OR 97702

Tax Statement sent to:
NO CHANGE

Vol M02 Page 62503

mtc 58565-4
LEASE FOR REAL PROPERTY

'02 OCT 30 PM3:01

State of Oregon, County of Klamath
Recorded 10/30/2002 3:01 P m.
Vol M02, Pg 62503-07
Linda Smith, County Clerk
Fee \$ 41.00 # of Pgs 5

THIS AGREEMENT, entered into this 30 day of October, 2002, by and between Loretta M. Parker (hereinafter referred to as Landlord), residing in Livermore, California, and Cottonwood Mtn. Development, L.L.C., an Oregon limited liability company (hereinafter referred to as Tenant), residing in Bend, Oregon.

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 30 day of October, 2002, and continuing thereafter for a period of thirty-five (35) years through the 30 day of October, 2037. The Landlord grants optional one (1) year renewals for the entire thirty-five (35) one year period. 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 Four Hundred Dollars (\$200.00) 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

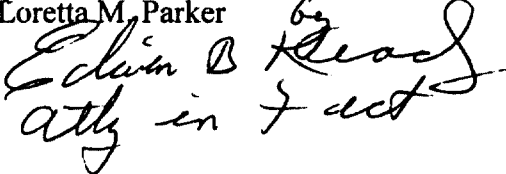
Cottonwood Mtn. Development, L.L.C.
By: Three Sisters Development Co., Inc.,
Member



Tim Larkin, Vice President

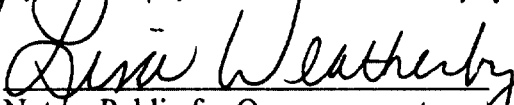
LANDLORD



Loretta M. Parker

Ed Keady
attly in fact

STATE OF Oregon)
County of Klamath)ss.

This instrument was acknowledged before me on this 30 day of October, 2002, by ~~Loretta M. Parker.~~ Ed Keady is attorney in fact for Loretta M. Parker



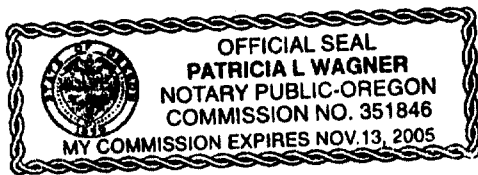
Notary Public for Oregon
My Commission Expires: 11/20/2003



62506

STATE OF OREGON)
)ss.
County of Deschutes)

This instrument was acknowledged before me on this 25th day of October, 2002 by Tim Larkin as Vice President for Three Sisters Development Co., Inc., Member of Cottonwood Mtn. Development, L.L.C.



Patricia L. Wagner
Notary Public for Oregon
My Commission Expires: 11.13.05

EXHIBIT 'A'

62507

Lot 789, Running Y Resort, Phase 10, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.