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RECORDING COVER SHEET

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DO NOT AFFECT THE TRANSACTION(S) CONTAINED
IN THE INSTRUMENT ITSELF.

2015-006540
Klamath County, Oregon
06/22/2015 01:48:09 PM
Fee: \$127.00

After Recording Return To:

**Odell Lake Lodge and Resort LLC
2466 NW Michelle Dr
Corvallis, OR 97330**

1. Title(s) of the Transaction(s) ORS 205.234(a):

Property Lease

2. Direct Party/Grantor(s) and address ORS 205.125(1)(b) and ORS 205.160:

Leroy L Laack and Jean Raymonda Laack Family Trust

3. Indirect Party/Grantee(s) and address ORS 205.125(1)(a) and ORS 205.160:

Jon Ditgen and Tammy Ditgen

4. Send Tax Statements To:

Same as above

5. True and Actual Consideration:

\$5,000.00

6. Deed Reference:

N/A

F.
127.00

PROPERTY LEASE

THIS PROPERTY LEASE ("Lease") is entered into the date last signed below between LEROY L LAACK AND JEAN RAYMONDA LAACK FAMILY TRUST, hereinafter called the "lessor," and JON DITGEN AND TAMMY DITGEN, husband and wife, hereinafter individually and collectively called the "lessee."

WITNESSETH: In consideration of the covenants, agreements and stipulations herein contained on the part of the lessee to be kept and performed, the lessor, hereby leases unto the lessee, the following:

A. All lessor's right, title and interest in the real property improvements, structures and improvements to land, and all equipment and furniture, which the lessor has acquired a right, title or interest in, or to which the lessor has a right of use, enjoyment or the benefits of, which are situated or located at the Odell Lake Resort ("Resort") and referred to or referenced under a U.S. Forest Service permit for that Resort. All of the foregoing will be individually and collectively referred to hereinafter as the "property." *(See attached Exhibit A*)*

Lessee shall have and hold the described property for a period of ten years (120 months) beginning on November 1, 2004, or as soon thereafter as lessee has acquired the property, and ending at midnight on the 31st day of October, 2014, for a monthly rental amount of five thousand dollars and no cents (\$5,000.00). This Lease is effective when signed by both the parties and lessee pays the first month's rent. No security deposit or last month's rent shall be required. The monthly rental amount, which lessee agrees to pay, shall be the same each month thereafter and shall become due the first day of each monthly rental period. All monthly rental payments shall be made to the lessor at ~~2735 1/2 Street SE, Suite 200, Salem, Oregon 97302~~ ^{** 5601 66th Avenue NE, Salem, Oregon, 97305}, unless the lessee is otherwise instructed in writing.

In consideration of the leasing of the property and of the mutual agreements herein contained, each party expressly covenants and agrees with the other, as follows:

1. LESSEE'S ACCEPTANCE OF PROPERTY.

1.1 The lessee accepts the leased property AS IS, having inspected the property and agreeing to lease the property in the current condition with no representations or warranties, express or implied, concerning the property, and lessee agrees to pay to the order of the lessor the monthly rentals above stated for the full term of this Lease, in advance, at the times and in the manner aforesaid.

2. PROPERTY PURCHASE OPTION AND AGREEMENT TO PURCHASE.

2.1 Lessee shall have the option to purchase the property of lessor, as described above in this Lease, for a net sum to lessor after all closing fees, costs and expenses of any kind incurred or paid by lessor, equal to One Million and no/100 Dollars (\$1,000,000.00) plus Thirty Thousand and no/100 Dollars (\$30,000.00) per year (computed as each consecutive 12 months beginning November 1, 2004) or such pro-rated portion of that annual amount through the date of closing. For example, if lessee purchases the property at the end of the 5th year (60th month), the total net sum to be paid to lessor would be \$1,150,000. In the event the lessee wants to sell the Resort with the property of lessor, then lessor shall cooperate in listing and sale of the property for the Resort to be sold. The lessor shall be paid first and fully from the proceeds of any voluntary or other sale of the property and/or the Resort the net sum as stated in this paragraph 2.1 before any proceeds are paid to lessee from the sale.

2.2 The lessee shall purchase the property from the lessor by the end of the 10-year period of this Lease for the net sum computed as stated in paragraph 2.1, which would be a net sum paid to lessor of \$1,300,000 if the purchase closed at the end of the 10-year Lease. The obligation of lessee to purchase the property by the end of the 10 years is separate and distinct from the rights of lessor to call the purchase due in the event of default according to this Lease. The right to accelerate and call the purchase immediately due and payable for an amount calculated under paragraph 2.1 shall be one of the remedies of lessor in the event of a default under this Lease.

2.3 The net sum paid to lessor as computed in this section 2 shall be allocated as follows: The book value at the time of sale of the furniture and equipment included in the property shall be subtracted from the net sum, and the balance of the net sum due lessor shall be allocated to the buildings and real property improvements. The allocation of the purchase price shall be determined by the lessor according to the allocations stated in this section 2.3 as the lessor determines for the closing and to accomplish, if lessor desires, a IRC 1031 exchange.

2.4 Lessor and lessee acknowledge that lessor may decide to utilize the benefits of IRC Section 1031 to consummate an exchange when the property sale to lessee or any other person closes. Lessee shall cooperate with lessor in such exchange to allow lessor to complete such an exchange.

2.5 As a further consideration for the lease of the property and to provide an unencumbered interest in the Resort interest of lessee, the parties agree that no interest in the property or the Resort can be sold, assigned or used as security for a loan without the advance written approval of the parties or as otherwise provided in this Lease. The lessee also agrees additional security shall be given to lessor for all lessee's obligations under this Lease when requested, and such security shall be satisfactory to lessor and provided with additional documents as stated in paragraph 26.

3. USE OF PROPERTY.

3.1 The lessee shall use the property during the term of this Lease for the conduct of the following business and for no other purposes whatsoever without lessor's written consent: the Odell Lake Resort business as allowed and permitted according to the U.S. Forest Service permit.

3.2 The lessee will not make any unlawful, improper or offensive use of the property; the lessee will not suffer any strip or waste thereof; the lessee will not permit any objectionable noise or odor to escape or to be emitted from the property or do anything or permit anything to be done upon or about the property in any way tending to create a nuisance; the lessee will not sell or permit to be sold any spirituous, vinous or malt liquors on the property, excepting such as lessee may be licensed by law to sell and as may be herein expressly permitted; nor will the lessee sell or permit to be sold any controlled substance on or about the property.

3.3 The lessee will not allow the leased property at any time to fall into such a state of repair or disorder as to increase the fire hazard thereon; the lessee will not use the property in such a way or for such a purpose that the fire insurance rate on the improvements on the property is thereby increased or that would prevent the lessor from taking advantage of any rulings of any agency of government in which the leased property is situated, or which would allow the lessor to obtain reduced premium rates for long term fire insurance policies despite lessee's obligations to pay for all such insurance.

3.4 The lessee shall comply at lessee's own expense with all laws and regulations of any municipal, county, state, federal or other public authority respecting the use of the property, and lessee shall comply at lessee's expense with all rules and requirements established by the lessor in its discretion for the use and maintenance of the property.

3.5 The lessee shall regularly occupy and use the property for the conduct of lessee's business, and shall not abandon or vacate the property for more than ten days without written approval of lessor.

3.6 Lessees shall fully and faithfully comply with all requirements of the U.S. Forest Service permit for the Resort or other directions of the Forest Service, and promptly provide a copy of the Forest Service permit, any amendments, and any plans, financial information or anything else which develops or is communicated to lessee regarding the Resort, including all communications or dealings with the U.S. Forest Service. Further, lessee agrees to provide complete copies of all their Resort business records and allow an inspection of any other business or financial records which the lessor may request, including the lessee's agreement to provide an annual true and accurate financial statement of their personal financial condition with all tax returns if requested by the lessor.

4. **LESSEE TO PAY ALL EXPENSES, UTILITIES AND CHARGES OF RESORT BUSINESS.**

The lessee shall pay for all heat, light, water, power, insurance and other services or utilities used in the property during the term of this Lease and without limitation, all expenses and charges incurred, assessed or to be expended to operate the Resort. Lessor is merely leasing the property for the rent set forth in this Lease and all responsibilities for the Resort, its upkeep, compliance with requirements of the U.S. Forest Service permit or otherwise regarding the business shall be the sole responsibility and financial obligation of the lessee.

5. **REPAIRS AND IMPROVEMENTS.**

The lessor shall not be required to make any repairs, alterations, additions or improvements to or upon the property during the term of this Lease; the lessee hereby agrees to maintain and keep the property, including without limitation, all interior and exterior walls and doors, heating, ventilating and cooling systems, interior wiring, plumbing and drain pipes to sewers or septic tank, in good order and repair during the entire term of this Lease, at lessee's own cost and expense, and to replace all glass which may be broken or damaged during the term hereof in the windows and doors of the property with glass of as good or better quality as that now in use; it is further agreed that the lessee will make no alterations, additions or improvements to or upon the property without the written consent of the lessor first being obtained.

6. **LESSOR'S RIGHT OF ENTRY.**

It shall be lawful for the lessor, the lessor's agents and representatives, at any reasonable time to enter into or upon the property for the purpose of examining into the condition thereof, or for any other lawful purpose including the examination of all business and financial records pertaining to the Resort.

7. **NO RIGHT OF ASSIGNMENT.**

The lessee will not assign, transfer, pledge, hypothecate, surrender or dispose of this Lease, or any interest herein, sublet, or permit any other person or persons whomsoever to occupy the property without first obtaining the written consent of the lessor which may be given or not given in the sole discretion of lessor as the lessor determines in its judgment; this Lease is personal to lessee; lessee's interests, in whole or in part, cannot be sold, assigned, transferred, seized or taken by operation at law, or under or by virtue of any execution or legal or equitable process, attachment or proceedings instituted against the lessee, or under or by virtue of any bankruptcy or insolvency proceedings had in regard to the lessee, or in any other manner, except as above mentioned.

8. **LIENS/TAXES/ASSESSMENTS.**

8.1 The lessee will not permit any lien of any kind, type or description to be placed or imposed upon the improvements in which said leased property are situated, or any part thereof, or the land on which they stand.

8.2 Lessee shall be responsible for and pay when due all real and personal property taxes, levies and assessments on any and all of the property or which are subject to such taxes, including all taxes on the Resort and the Resort business which become due.

8.3 Lessee shall promptly provide lessor, upon request, with written evidence which is reasonably satisfactory to lessor that all taxes, assessments, or other charges owed by lessee have been paid when due.

9. **ICE/SNOW/DEBRIS.**

As provided under the Forest Service permit, and as reasonable during the season of the year, the lessee shall keep any of the property free and clear of ice, snow, rubbish, debris and obstruction. Lessee will save and keep harmless and protect the lessor against any injury, whether to lessor or to lessor's property or to any other person or property caused by lessee's failure in that regard.

10. **OVERLOADING OF FLOORS.**

The lessee will not overload the floors of the property in such a way as to cause any undue or serious stress or strain upon the building in which the property are located, or any part thereof, and the lessor shall have the right, at any time, to call upon any competent engineer or architect whom the lessor may choose, to decide whether or not the floors of the property, or any part thereof, are being overloaded so as to cause any undue or serious stress or strain on the building, or any part thereof, and the decision of the engineer or architect shall be final and binding upon the lessee; and in the event that it is the opinion of the engineer or architect that the stress or strain is such as to endanger or injure the building, or any part thereof, then and in that event the lessee agrees immediately to relieve the stress or strain, either by reinforcing the building or by lightening the load which causes such stress or strain, in a manner satisfactory to the lessor.

11. **ADVERTISING.**

The lessee will be permitted an outdoor sign or signage on the property as and where permitted consistent with government regulations for advertising or displaying the name or business of the lessee.

12. LIABILITY INSURANCE.

The lessee further agrees at all times during the term hereof, at lessee's own expense, to keep in effect, and deliver to the lessor liability insurance policies in form and amount, with the extent and scope of coverage as the lessor requests, with an insurer satisfactory to the lessor, insuring both the lessor and the lessee against all liability for damages to person or property in or about the property, or to the business, its operations or otherwise as lessor requests; the amount of such liability insurance shall be not less than \$2,000,000 for injury to one person, \$2,000,000 for injuries arising out of any one accident and not less than \$2,000,000 for property damage, or as otherwise requested by the lessor. Lessee shall also maintain all insurance required by law for the operation of lessee's business, including sufficient workers' compensation insurance, and shall provide copies of any insurance and proof that any insurance required under this Lease is in effect if requested by lessor. Lessee agrees to and shall indemnify and hold lessor harmless against any and all claims and demands arising from the negligence of the lessee, lessee's officers, agents, invitees and/or employees, as well as those arising from lessee's failure to comply with any covenant of this Lease on lessee's part to be performed, and shall at lessee's own expense defend the lessor against any and all suits or actions arising out of such negligence, actual or alleged, and all appeals therefrom, and shall satisfy and discharge any judgment which may be awarded against lessor in any such suit or action.

13. FIXTURES.

All partitions, plumbing, electrical wiring, additions to or improvements upon the property, whether installed by the lessor or lessee, shall be and become a part of the property as soon as installed and the property of the lessor unless otherwise herein provided.

14. LIGHT AND AIR.

This Lease does not grant any rights of access to light and air over the property except those rights which may be incident to and a part of the property.

15. DAMAGE BY CASUALTY, FIRE AND DUTY TO REPAIR.

In the event of the destruction of the improvements in which the leased property are located by fire or other casualty, either party hereto may terminate this Lease as of the date of said fire or casualty, provided, however, that in the event of damage to the improvements by fire or other casualty to the extent of ten (10%) percent or more of the sound value thereof of the leased property, the lessor may or may not elect to repair the same; written notice of lessor's said election shall be given lessee within thirty days after the occurrence of the damage; if notice is not so given, lessor conclusively shall be deemed to have elected not to repair; in the event lessor elects not to repair, then and in that event this Lease shall terminate with the date of said damage; but if the improvements in which said leased property are located be but partially destroyed and the damage so occasioned shall not amount to the extent indicated above, or if greater than said extent and lessor elects to repair, as aforesaid, then the lessor shall repair the same with all convenient speed and shall

have the right to take possession of and occupy, to the exclusion of the lessee, all or any part thereof in order to make the necessary repairs, and the lessee hereby agrees to vacate upon request, all or any part thereof which the lessor may require for the purpose of making necessary repairs, and for the period of time between the day of such damage and until such repairs have been substantially completed there shall be such an abatement of rent as the nature of the injury or damage and its interference with the occupancy of the property by said lessee shall warrant; however, if the property be but slightly injured and the damage so occasioned shall not cause any material interference with the occupation of the property by lessee, then there shall be no abatement of rent and the lessor shall repair said damage with all convenient speed.

16. WAIVER OF SUBROGATION RIGHTS.

Neither the lessor nor the lessee shall be liable to the other for loss arising out of damage to or destruction of the property, or the building or improvement of which the property are a part or with which they are connected, or the contents of any thereof, when such loss is caused by any of the perils which are or could be included within or insured against by a standard form of fire insurance with extended coverage, including sprinkler leakage insurance, if any. However, to the extent lessor does not have an insurable interest in the property and is not paid by insurance at the time of any loss, the lessee shall still be fully liable for payment, of the amount calculated under paragraph 2 at the time of loss, to the lessor to the extent not paid for by insurance. Such liability of lessee shall exist whether or not the damage or destruction is caused by the negligence of either lessor or lessee or by any of their respective agents, servants or employees. Neither the lessor nor the lessee shall have any interest or claim in the other's insurance policy or policies, or the proceeds thereof, unless specifically covered therein as a joint insured.

17. EMINENT DOMAIN.

In the case of the condemnation or purchase of all or any substantial part of the property by any public or private corporation with the power of condemnation, this Lease may be terminated, effective on the date possession is taken, by either party hereto on written notice to the other and in that case the lessee shall not be liable for any rent after the termination date. Lessee shall not be entitled to and hereby expressly waives any right to any part of the condemnation award or purchase price for the property and to the extent that award or purchase price is less than the net sum specified for the time any award or purchase price is paid, calculated under paragraph 2, the lessee shall pay the balance so the lessor is fully paid the net sum as calculated under paragraph 2.

18. DELIVERING UP PROPERTY ON TERMINATION.

At the expiration of the lease term or upon any sooner termination thereof, the lessee will quit and deliver up the property and all future erections or additions to or upon the same, broom-clean, to the lessor or those having lessor's estate in the property, peaceably, quietly, and in as good order and condition, reasonable use and wear thereof, damage by fire, unavoidable casualty and the elements alone excepted, as the same are now in or hereafter may be put in by the lessor.

19. ATTACHMENT BANKRUPT DEFAULT.

PROVIDED, ALWAYS, and these presents are upon these conditions, that (1) if the lessee shall be in arrears in the payment of rent for a period of ten days after the same becomes due, or (2) if the lessee shall fail or neglect to do, keep, perform or observe any of the covenants and agreements contained herein on lessee's part to be done, kept, performed and observed and such default shall continue for ten days or more after written notice of such failure or neglect shall be given to lessee, or (3) if the lessee shall be declared bankrupt or insolvent according to law, or (4) if any assignment of lessee's property shall be made for the benefit of creditors, or (5) if on the expiration of this Lease lessee fails to surrender possession of the property, then and in either or any of such cases or events, the lessor or those having lessor's estate in the property, may terminate this Lease and, lawfully, at lessor's or their option immediately or at any time thereafter, without demand or notice, enter into and upon the property and every part thereof and repossess the same as of lessor's former estate, and expel said lessee and those claiming by, through and under lessee and remove lessee's effects at lessee's expense, forcibly if necessary and store the same, all without being deemed guilty of trespass and without prejudice to any remedy which otherwise might be used for arrears of rent or preceding breach of covenant.

Neither the termination of this Lease by forfeiture nor the taking or recovery of possession of the property shall deprive lessor of any other action, right, or remedy against lessee for possession, rent or damages, nor shall any omission by lessor to enforce any forfeiture, right or remedy to which lessor may be entitled be deemed a waiver by lessor of the right to enforce the performance of all terms and conditions of this Lease by lessee.

In the event of any re-entry by lessor, lessor may lease or relet the property in whole or in part to any tenant or tenants who may be satisfactory to lessor, for any duration, and for the best rent, terms and conditions as lessor may reasonably obtain. Lessor shall apply the rent received from any such tenant first to the cost of retaking and reletting the property, including remodeling required to obtain any such tenant, and then to any arrears of rent and future rent payable under this Lease and any other damages to which lessor may be entitled hereunder.

Any property which lessee leaves on the property after abandonment or expiration of the Lease, or for more than ten days after any termination of the Lease by lessor, shall be deemed to have been abandoned, and lessor may remove and sell said property at public or private sale as lessor sees fit, without being liable for any prosecution therefor or for damages by reason thereof, and the net proceeds of any such sale shall be applied toward the expenses of lessor and rent as aforesaid, and the balance of such amounts, if any, shall be held for and paid to the lessee.

A further and alternative remedy for the lessor in the event of any default shall be the right to insist upon transfer of the lessee's interest in the Resort to a limited liability company, to be controlled by the lessor, and to assist in transfer of the U.S. Forest Service permit so the lessor or its assignee may operate the Resort, and arrange for sale of the Resort or the lessor's interest in that limited liability company for the purpose of the lessor being fully paid the rent, expenses, fees and net sum all set forth under this agreement including the net sum paid for purchase of the property

under paragraph 2. The remedy under this paragraph shall be a right of the lessor but the lessor is in no way obligated to proceed as set forth as stated in this paragraph to form a limited liability company and proceed as stated herein.

20. **HOLDING OVER.**

In the event the lessee for any reason shall hold over after the expiration of this Lease, such holding over shall not be deemed to operate as a renewal or extension of this Lease, but shall only create a tenancy from month to month which may be terminated at will at any time by the lessor.

21. **INTEGRATION AND ACKNOWLEDGMENT.**

This Lease constitutes the entire agreement between the parties concerning this Lease, and may only be modified in writing, signed by all parties. This Lease expressly supersedes and constitutes a merger of any and all past agreements between the parties as to the property not otherwise referred to or incorporated herein by reference unless otherwise agreed to in writing by the parties. The parties agree that this Lease is a jointly authored document, which shall not be construed in favor of one party as against the other on the basis of a claim that one party drafted this agreement. The parties herein expressly agree, acknowledge, and understand that this Lease and that lessor's attorney represented only lessor and did not represent the lessee. The parties further agree, acknowledge and understand that lessee has been advised to seek legal counsel and representation concerning this Lease.

22. **MERGER.**

The parties agree and intend that this Lease expressly supersedes and constitutes a merger of any and all past agreements, if any, concerning this Lease of the property, between the parties concerning the lease of the property. There are no representations, understandings or agreements of any kind as to the property or subject matter of this Lease except as set forth in this Lease.

23. **SEVERABILITY.**

The parties intend that should any provision, clause, paragraph, section, or portion of this Lease whatsoever (hereafter "invalid portion") be deemed invalid or unenforceable for any reason, such invalid portion shall be constructed to the extent reasonably and equitably possible in accordance with the remaining portions of this Lease in order to carry out the intentions of the parties and shall in no way affect the validity of the remaining portions of this Lease.

24. **WAIVER.**

Any waiver by the lessor of any breach of any covenant herein contained to be kept and performed by the lessee shall not be deemed or considered as a continuing waiver, and shall not operate to bar or prevent the lessor from declaring a forfeiture for any succeeding breach, either of

the same condition or covenant otherwise. No waiver shall be binding unless executed in writing by the party making the waiver.

25. TIME IS OF THE ESSENCE; DEFAULT; REMEDIES.

The parties agree and intend that time is of the essence to the provisions of this Lease. A default shall occur when any provision of this Lease is not strictly complied with and under any of the following circumstances: (a) Failure of lessee to make any monthly rental payment within ten (10) days of the due date of the same; (b) Failure of lessee or lessor to perform any other obligation contained in this Lease within thirty (30) days after written notice from lessor; (c) Dissolution or termination of lessee's business; (d) Insolvency on a balance sheet basis or business failure; the appointment or consent by the lessee to the appointment of a receiver, trustee, or custodian or lessee or of any of lessee's property; an assignment for the benefit of creditors by lessee or lessee's failure generally to pay its debts as such debts become due; the initiation by the lessee or lessor, either individually or collectively, of a proceeding in the federal bankruptcy court; or (e) the making or suffering by lessee of a fraudulent transfer under applicable federal or state law; concealment by lessee of any of lessee's property from creditors; or the making or suffering by lessee of a preference within the meaning of the federal bankruptcy law. Lessor shall have all remedies stated in this Lease, and under law or in equity in the event of default.

Upon the occurrence of an event of default, the lessor, at its option and upon prior written notice, may cancel and terminate the portion of the Lease which leases the property to lessee, and in that event lessor shall be entitled to the immediate and peaceable possession of the property and the Resort, and lessee shall forthwith vacate said property, without further notice or proceeding, and lessor shall have the immediate right to enter the property, forcible if necessary, and to remove all persons and their effects from the property, without being guilty of trespass or violation of other similar laws. However, if lessor invokes this right to cancel the lessee shall remain fully bound by every other part of this Lease, including without limitation paragraph 2.

Any waiver by the lessor of any default or of any similar default or of strict compliance of the performance of the terms of this Lease by any particular herein contained to be kept and performed by the lessee shall not be deemed or considered as a continuing waiver, and shall not operate to bar or prevent the lessor from declaring a forfeiture for any succeeding breach, either of the same condition or covenant or otherwise.

26. BINDING EFFECT, ADDITIONAL DOCUMENTS AND REIMBURSEMENT.

All rights, remedies and liabilities herein given to or imposed upon either of the parties hereto shall extend to, insure to the benefit of and bind, as the circumstances may require, the heirs, successors, personal representatives and so far as this Lease is assignable by the terms hereof, to the assigns of such parties. The parties agree to cooperate as necessary and execute any supplemental, replacement or other documents which are necessary and appropriate to give full force and effect to this Lease, including without limitation the right of lessor to require a separate agreement to be signed by the lessee regarding the property purchase option and agreement set forth in paragraph 2,

an estoppel certificate by lessee at any time to confirm there are no defaults or non-performance by the lessor, and such security documents, mortgages or trust deeds which the lessor shall have the right to receive from lessee to provide additional security for performance of the obligations under this Lease and the option and agreement to purchase the property. If lessor requests, the lessee shall reimburse the lessor for its attorney fees, expenses and for preparation of this Lease and for closing its purchase of the property.

27. **NON-ASSIGNABILITY BY LESSEE.**

The parties agree and intend that this Lease is personal to the lessee and may not be assigned, sold, or otherwise conveyed in any manner without the express consent of the lessor, in lessor's discretion, although lessor may assign this Lease as lessor determines.

28. **GRAMMATICAL ERRORS DISREGARDED.**

In constructing this Lease, it is understood that the lessor or lessee may be more than one person; that if the context so requires, the singular pronoun shall be taken to mean and include plural, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

29. **NUMBER, GENDER AND CAPTIONS.**

As used herein, the singular shall include the plural, and the plural the singular. The masculine and neuter shall each include the masculine feminine, and neuter, as the context so requires. All captions used herein are intended solely for the convenience of reference and shall in no way limit any of the provisions of this Lease.

30. **ATTORNEY FEES AND COURT COSTS.**

In case suit or action is instituted to enforce compliance with any of the terms, covenants or conditions of this Lease, or to collect the rental which may become due hereunder, or any portion thereof, the losing party agrees to pay such sum as the trial court may adjudge reasonable as attorneys fees to be allowed the prevailing party in such suit or action and in the event any appeal is taken from any judgment or decree in such suit or action, the losing party agrees to pay such further sum as the appellate court shall adjudge reasonable as prevailing party's attorneys fees on such appeal. The lessee agrees to pay and discharge all lessor's costs and expenses, including lessor's reasonable attorneys fees that shall arise from enforcing any provision or covenants of this Lease even though no suit or action is instituted.

31. **NOTICES.**

Any notice required by the terms of this Lease to be given by one party hereto to the other or desired so to be given, shall be sufficient if in writing, contained in a sealed envelope, deposited in the U.S. Registered or Certified Mail with postage fully prepaid, and if intended for the lessor herein then if addressed to said lessor at its last known address and if intended for the lessee, then if addressed to the lessee at their last known address. Any such notice shall be deemed conclusively to have been delivered to the addressee forty-eight (48) hours after the deposit thereof in the U.S. Registered or Certified Mail.

32. **COUNTERPARTS.**

This Lease may be executed in counterparts, each of which shall be considered and original, but all of which together shall constitute one and the same instrument.

33. **LAW AND FORUM.**

This Lease has been entered into in Oregon shall be constructed and enforced under the laws of the State of Oregon exclusively in the venue of Marion County or the court which the lessor chooses as the venue for any legal action. The parties expressly agree this provision is reasonable and acceptable.

34. **HEIRS AND ASSIGNS.**

All rights, remedies and liabilities herein given to or imposed upon either of the parties hereto shall extend to, inure to the benefit of and bind, as the circumstances may require, the heirs, successors, personal representatives and so far as this Lease is assignable by the terms hereof, to the assigns of such parties.

35. **MATERIALITY OF ALL CONDITIONS AND OBLIGATIONS.**

The parties understand and acknowledge that all of the provisions, conditions, and obligations in this Lease are material and that the non-occurrence or breach of any such condition or obligation by each is not allowed and shall result in each being entitled to assert any and all rights it may have in law or equity.

36. **FULL KNOWLEDGE AND VOLITION.**

The parties acknowledge that they have read this Lease, understand its meaning and intent, and have signed the Lease of their own free act and volition with any consultation, or not, from an attorney of his or her choice. Each party has had the full opportunity to consult with and be advised by counsel, or not, as each party determined before signing this Lease.

IN WITNESS WHEREOF, the respective parties after having read and understood this Lease and the provisions contained herein have executed this Lease in duplicate.

Lessor:

Lessee:

LeRoy L. Laack, Trustor *10/27/04*
LeRoy L. Laack, Trustor/Trustee Date

Jon Ditgen *10/27/04*
Jon Ditgen Date

Jean Raymonda Laack *10-27-04*
Jean Raymonda Laack,
Trustor/Trustee Date

Tammy Ditgen *10/27/04*
Tammy Ditgen Date

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Amendment No. 1 to Odell Lake Resort Lease

The LeRoy L. Laack and Jean Raymonda Laack Family Trust, ("Lessor") and Jon and Tammy Ditgen, husband and wife, ("Lessees") entered into a Property Lease ("Lease") with the effective date November 1, 2004, signed October 27, 2004. A copy of that original signed Lease comprising of thirteen (13) pages is attached and incorporated by reference. This Amendment No. 1 (hereafter "Amendment") extends and continues the Lease as amended according to this Amendment, which includes an extension of the Lease for five years as described below. The Lessor and Lessee named in this Amendment No. 1, hereby amend and extend the Lease as stated in this Amendment No. 1 (hereafter "Amendment") between the Lessor and Lessee (hereafter "Lessee") as stated below:

1. The LeRoy L. Laack Family Trust, dated February 14, 2013, is substituted as the Lessor under the Lease as hereby amended (hereafter the "Lessor") and the LeRoy L. Laack and Jean Raymonda Laack Family Trust is no longer a party to the Lease.

2. Odell Lake Lodge and Resort LLC, an Oregon limited liability company is hereby included as an additional Lessee with Jon Ditgen, each of which are jointly and severally liable under the Lease as amended, and hereafter referred to individually and collectively as the "Lessee". Tammy Ditgen has no liability for the extended five year term of the Lease which begins November 1, 2014, but remains obligated as stated in the original Lease for any liabilities arising or existing as of October 31, 2014.

3. The Lease is extended for an additional period of five years (60 months), beginning on November 1, 2014, and ending on midnight on October 31, 2019.

4. Section 2.1 of the Lease is replaced with the following Section 2.1:

2.1 Lessee shall have the option to purchase the property of Lessor for a net sum to Lessor after all closing fees, costs and expenses of any kind incurred or paid by Lessor, equal to One Million and no/100 Dollars (\$1,000,000.00) plus Five Thousand and no/100 Dollars (\$5,000.00) per year (computed as each consecutive 12 months beginning November 1, 2004) or such pro-rated portion of that annual amount through the date of closing. For example, if Lessee purchases the property at the end of the 12th year (144th month), the total net sum to be paid to Lessor would be \$1,060,000. In the event the Lessee wants to sell the Resort with the property of Lessor, then Lessor shall cooperate in listing and sale of the property for the Resort to be sold. The Lessor shall be paid first and fully from the proceeds of any voluntary or other sale of the property and/or the Resort as stated in this paragraph 2.1 before any proceeds are paid to Lessee from the sale.

5. Section 2.2 of the Lease is replaced with the following Section 2.2:

2.2 The Lessee shall purchase the property from the Lessor by the end of the 15-year period of this Lease for the net sum computed as stated in paragraph 2.1, which would be a net sum paid to Lessor of \$1,075,000 if the purchase closed at the end of the 15-year Lease. The obligation of Lessee to purchase the property by the end of the 15 years is separate and distinct from the rights of Lessor to call the purchase due in the event of default according to this Lease. The right to accelerate and call the purchase immediately due and payable for an amount calculated under paragraph 2.1 shall be one of the remedies of Lessor in the event of a default under this Lease.

6. The Lessee has no right to assign any rights under this Lease, including the right to purchase the Resort or property described in the Lease as amended.

7. Section 1031 Exchange. Both Lessee and Lessor shall reasonably cooperate with one another should either decide to effect an IRS Section Code 1031 Exchange provided that: (a) the acquisition and/or exchange shall not impose any additional financial obligation on the accommodating party; (b) the parties shall indemnify and hold one another harmless from any and all liabilities, claims, losses, or actions which arise as a result of the participation in the contemplated exchange; (c) such exchange shall be a condition of closing if a party requests a 1031 Exchange under this Amendment; and (d) such exchange shall not unreasonably extend the closing date for the purchase and sale of the property.


8. The Lease as amended by this Amendment constitutes the entire agreement between the parties to the Lease as extended by this Amendment, and there are no representations, understandings or agreements of any kind, oral or in writing, other than as stated in the Lease as amended. The parties agree the Lease as amended is a jointly authored document which shall not be construed in favor of one party as against the other on the basis of a claim that one party drafted this agreement. The parties further agree, acknowledge and understand this Amendment was prepared by the Lessor's attorney who represented only the Lessor and did not represent or provide any legal advice to the Lessee to this Amendment.

9. The parties acknowledge that Terrence Kay is the attorney only representing the Lessor. The Lessee has not relied upon Terrence Kay in any way for legal advice or representation and is encouraged to seek independent legal counsel as the Lessee determines prior to signing this Amendment.

10. Except as amended as stated above, the Lease remains in full force and effect as stated in the Lease, and any conflict or ambiguity in the Lease as Amended, although the parties acknowledge there is no conflict or ambiguity, shall be construed according to the language of this Amendment if the conflict or ambiguity involves anything stated in this Amendment.

IN WITNESS WHEREOF, the respective parties signing below after having read and acknowledging they each understand this Amendment to the Lease and the Lease, and the provisions contained herein, each agree this Amendment is effective November 1, 2014, even if signed after that date and November 1, 2014, is the effective date of this Amendment, for the Lease as amended.

LESSOR




LeRoy L. Laack, Trustee of
the LeRoy L. Laack Family Trust
dated February 14, 2013

1/9/15

Date


LESSEE



Jon Ditgen, individually

1/9/15

Date



Jon Ditgen, Manager and Member of Date
Odell Lake Lodge and Resort LLC

1/9/15

Date

APN: **P891034**

Statutory Warranty Deed
- continued

File No.: **7081-2390291 (DSS)**

EXHIBIT A

LEGAL DESCRIPTION: Real property in the County of Klamath, State of Oregon, described as follows:

The structures, improvements, fixtures and permanently attached items now located on the following property: Parcel of land consisting of 8.25 acres within unsurveyed Sections 25 and 26, Township 23 South, Range 6 East of the Willamette Meridian, as shown on a site plan approved by the Assistant Regional Forester, on December 5, 1966.

The above land is commonly known as the "ODELL LAKE RESORT", located in Block D of ODELL LAKE