



GIVEN & COMPANY
An Accountancy Corporation

Robert H. Given, CPA
Phyllis E. Frank, CPA
Peter E. Goldberg, CPA
Geoffrey C. Given, J.D., LL.M.
Catherine E. Thompson, CPA

Memorandum

Date: June 1, 2007
To: Mr. Diarmuid McGuire
From: Robert H. Given
Re: Mountain Cabins, LLC Lease

Enclosed, for your files is a copy of the signed lease with Mountain Cabins, LLC.

I look forward to announcing this Monday at our Board Meeting.

Thank you so much for your interest and participation.

COMMERCIAL LEASE AGREEMENT

This Commercial Lease Agreement ("Lease") is made and effective May 30, 2007 by and between Tenant - Greesprings Fire & Rescue (GSFR), an Oregon Non Profit Organization and Landlord - Mountain Cabins, LLC, an Oregon Limited Liability Company.

Landlord is the owner of land and improvements commonly known and legally described as follows:

"11376 Highway 66, Ashland, Oregon. 40-3E-04 Tax Lot 100" and more particularly described on the attached Exhibit A.

Landlord has made available and agreed to lease a portion of the above described land described as one (1) unimproved acre situated at the intersection of the North West Corner of Highway 66 and the Hyatt Access Road, legally described as follows.

"Approximately 1 acre, including that portion of Tax Lot 40-3E-04-100 lying north of Highway 66 within 208'8" of the Highway 66 ROW, and from 30' west of Hyatt Access Road centerline to 238'8" west of the Hyatt Access Road centerline. The agreement includes a Vegetation / Fuel Management Area extending beyond the 1 acre lease boundary to include all areas within 100' of the future structure, and septic drain field area beyond the one acre site boundary". A map generally depicting the leasehold is attached hereto as Exhibit B.

Landlord desires to lease the Leased Land to GSFR, and GSFR desires to lease the Leased Land from Landlord for the term, at the rental and upon the covenants, conditions and provisions herein set forth.

THEREFORE, in consideration of the mutual promises herein, contained and other good and valuable consideration, it is agreed:

1. Term

A. Landlord hereby agrees to lease the Leased Premises to GSFR, and GSFR hereby leases the same from Landlord, for an "Initial Term" beginning June 1, 2007 and ending 99 years from commencement, May 31, 2106. Landlord shall use its best efforts to give GSFR possession as nearly as possible at the beginning of the Lease term. If Landlord is unable to timely provide the Leased Premises, rent shall abate for the period of delay. GSFR shall make no other claim against Landlord for any such delay.

1. Commencement of Lease subject to GSFR obtaining all necessary permits and approvals relating to zoning, development and construction, acceptable to GSFR.

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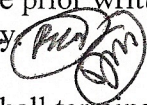
2. Landlord shall cooperate with GSFR with respect to request and applications for the above described permits and approvals and agrees to make reasonable and necessary amendments to their existing zoning and other permits, as necessary, providing that changes requested to be made does not alter the rights of Mountain Cabins LLC to develop their property in accordance with their zoning permits.
3. If GSFR is unable / unsuccessful in obtaining necessary zoning approval and / or building or related permits necessary to construct a fire station suitable for GSFR by December 31, 2007, then this lease shall be void.

GSFR may renew the Lease for one extended term of 99 years. GSFR shall exercise such renewal option, if at all, by giving written notice to Landlord not less than ninety (90) days prior to the expiration of the Initial Term. The renewal term shall be at the rental set forth below and otherwise upon the same covenants, conditions and provisions as provided in this Lease.

2. Rental

- A. GSFR shall pay to Landlord during the initial Term rental of \$1.00 per year, payable in advance for the 99 year period at the commencement of the lease (\$99) at Mountain Cabins LLC., 696 Siskiyou Blvd., Ashland, Oregon 97520 or at such other place designated by written notice from Landlord or GSFR.
- B. The rental for any renewal lease term, if created as permitted under this Lease, shall be \$2.00 per year payable in advance for the entire lease term (\$198).

3. Use

The premises shall be used for any lawful purpose incident to GSFR's operation of a fire department and fire house and for no other purpose without the prior written consent of the landlord, ~~which consent shall not be withheld unnecessarily.~~ 

Subject to the notice provisions set forth in Section 10, lease shall terminate if this provision is violated.

4. Sublease and Assignment

GSFR shall have the right without Landlord's consent, to assign or sublease this Lease to any party provided that the use of the property shall be in accordance with the terms of this lease.

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5. Alterations and Improvements

Landlord acknowledges as an integral part of this lease, GSFR will be applying for zoning and building permits with the intention of building a fire station on the above-described property. Landlord agrees to cooperate and to approve all reasonable and necessary requests made by GSFR including without limitations those with respect to the proposed building, location on the property and size of building. All improvements to the property inclusive of structure and personal property are the sole assets of GSFR.

A. Landlord agrees to cooperate with GSFR with respect to the following:

1. Access to water shall be at the sole cost of GSFR, either by HWY 66 to Landlord's property on the south side of HWY 66 or to the property due east of the Leased land across Hyatt access road. GSFR agrees at GSFR's expense to install electrical metering devices and reimburse Landlord for electrical cost, if any (Electrical costs are those costs necessary to pump water to the leased property).
2. Septic – Landlord agrees to cooperate with GSFR in development and location of approved septic system inclusive of easement if necessary for the septic or drain field on Landlord's property adjacent to Leased property at GSFR's sole expense.
3. Electrical – Landlord agrees to cooperate with GSFR in access to electrical service at GSFR's sole expense.
4. Landlord agrees to cooperate with GSFR in obtaining access to any other required utilities.

6. Property Taxes

Landlord shall pay, prior to delinquency, all general real estate taxes and installments of special assessments coming due during the Lease term on the Leased Premises. GSFR shall be responsible for paying all personal property taxes with respect to GSFR's personal property at the Leased Premises, if any. Landlord will cooperate with GSFR to attain tax free status for use of Leased Premises. GSFR will reimburse Landlord for property taxes (if any) attributable to the leased premises within 30 days after receipt of written notification. Notification to be given via mail at GSFR, 2305C Ashland Street #145, Ashland, Oregon 97520.

7. Insurance

GSFR and Landlord shall each at their own expense maintain a policy or policies of comprehensive general liability insurance relating to the respective activities of each with the premiums thereon fully paid on or before the due date issued by and binding upon some insurance company approved by Landlord, such insurance to afford minimum protection of not less than \$1,000,000 combined single limit coverage of bodily injury,

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property damage or combination thereof. Landlord and GSFR shall be listed as additional insured on each respective policy and each will provide the other with current certificates of insurance in compliance with this paragraph.

8. **Signs**

Landlord consents to GSFR placing appropriate signage on the building front which will be facing Hyatt access road. Landlord also agrees to appropriate street signage consistent with State Highway regulations identifying a fire station on HWY 66 and Hyatt access road. Landlord agrees to any other reasonable and necessary signage as may be required by ODOT and / or the County.

9. **Entry to Premises**

Entry/access to the Leased property will be only off Hyatt access road. If GSFR desires access off HWY 66, Landlord's permission will be requested. Landlord agrees to not unreasonably withhold permission for said request.

10. **Default**

If Landlord defaults on any obligations concerning adjacent property to Leased Premises that results in third-party action against Landlord, Landlord will make best efforts to deed Leased Premises, free of obligations to GSFR, thereby cancelling Lease.

Landlord and GSFR shall each provide the other with written notice and 30 days opportunity to cure as to any claim fault under this lease.

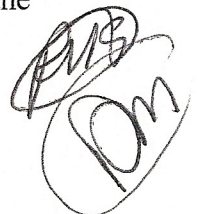
11. **Quiet Possession**

Landlord covenants and warrants that upon performance by GSFR of its obligations hereunder, Landlord will keep and maintain GSFR in exclusive, quiet, peaceable and undisturbed and uninterrupted possession of the Leased Premises during the term of this Lease and any renewal thereof.

12. **Condemnation**

If any legally constituted authority condemns the Building or such part thereof which shall make the Leased Premises unsuitable for leasing, this Lease shall cease when the public authority takes possession, and Landlord and GSFR shall account for rental as of that date. Such termination shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damage caused by the condemnation. Neither party shall have any rights in or to any award made to the other by the condemning authority.

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13. **Subordination**

This lease is and shall be prior to any mortgage or deed of trust ("encumbrance") recorded after the date of this Lease and affecting the Premises. However, if any lender holding such an encumbrance requires that this Lease be subordinate to the encumbrance, then Tenant agrees that this Lease shall be subordinate to the encumbrance if the holder thereof agrees in writing with Tenant that as long as Tenant performs its obligations under this Lease, no foreclosure, deed given in lieu of foreclosure, or sale pursuant to the terms of the encumbrance, or other steps or procedures taken under the encumbrance shall affect Tenant's rights under this Lease. If the foregoing condition is met, Tenant shall execute the written agreement and any other documents required by the holder of the encumbrance to accomplish the purposes of this paragraph. If the premises are sold as a result of foreclosure or any encumbrance thereon, or otherwise transferred by Landlord or any successor, Tenant shall attorn to the purchaser or transferee.

Either party will, within twenty (20) days after notice from the other, execute and deliver to the other party a certificate stating whether or not this Lease has been modified and is in full force and effect and specifying any modifications or alleged breaches by the other party. The certificate shall also state the amount of monthly base rent, the dates to which rent has been paid in advance, and the amount of any security deposit or prepaid rent. Failure to deliver the certificate within the specified time shall be conclusive upon the party from whom the certificate was requested that the Lease is in full force and effect and has not been modified except as represented in the notice requesting the certificate.

14. **Security Deposit** - None

15. **Notice**

Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

If to Landlord to:

Mountain Cabins LLC.
696 Siskiyou Blvd. #1
Ashland, Oregon

If to Greensprings Fire and Rescue to:

Greensprings Fire & Rescue
2305C Ashland Street #145
Ashland, Oregon 97520

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Landlord and GSFR shall each have the right from time to time to change the place notice is to be given under this paragraph by written notice thereof to the other party.

16. **Brokers**

GSFR represents that GSFR was not shown the Premises by any real estate broker or agent and that GSFR has not otherwise engaged in, any activity which could form the basis for a claim for real estate commission, brokerage fee, finder's fee or other similar charge, in connection with this Lease.

17. **Waiver**

No waiver of any default of Landlord or GSFR hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord or GSFR shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

18. **Memorandum of Lease**

The parties hereto contemplate that this Lease should not and shall not be filed for record, but in lieu thereof, at the request of either party, Landlord and GSFR shall execute a Memorandum of Lease to be recorded for the purpose of giving record notice of the appropriate provisions of this Lease.

19. **Headings**

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease.

20. **Successors**

Subject to the limitations set forth in Section 4, the provisions of this Lease shall run with the land and extend to and be binding upon Landlord and GSFR and their respective legal representatives, successors and assigns.

21. **Consent**

Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which Landlord's consent is required or desirable under this Lease.

22. **Performance**

If there is a default with respect to any of Landlord's covenants, warranties or representations under this Lease, and if the default continues more than thirty days (30) after notice in writing from GSFR to Landlord specifying the default, GSFR may, at its

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option and without affecting any other remedy hereunder, cure such default, seek reimbursement, together with interest thereon at a rate equal to the lesser of twelve percent (12%) per annum or the then highest lawful rate. If this Lease terminates prior to GSFR's receiving full reimbursement, Landlord shall pay the unreimbursed balance plus accrued interest to GSFR on demand.

23. Arbitration of Disputes

If any dispute arises between the parties regarding a matter that this lease says should be arbitrated, or regarding any other question involving apportionment or valuation, either party may request arbitration and appoint as an arbitrator an independent arbitrator having knowledge of valuation of rental properties comparable to the Premises, and / or knowledge of the issue being arbitrated. The other party shall also choose an arbitrator with such qualifications, and the two arbitrators shall choose a third. If the choice of the second or third arbitrator is not made within ten (10) days of the choosing of the prior arbitrator, then either party may apply to the presiding judge of the judicial district where the premises are located to appoint the required arbitrator.

The arbitrator shall proceed according to the Oregon statutes governing arbitration, and award of the arbitrators shall have the effect therein provided. The arbitration shall take place in the county where the leased premises are located. Costs of the arbitration shall be shared equally by the parties, but each party shall pay its own attorney fees incurred in connection with the arbitration.

It is the intent of Landlord and Tenant, that should an issue arise that cannot be resolved between Landlord and Tenant, and such issue is part of and or related to this Lease, then the resolution of the issue shall be by arbitration as set forth in this paragraph.

24. Compliance with Law

GSFR shall comply with all laws, orders, ordinances and other public requirements now or hereafter pertaining to GSFR's use of the Leased Premises. Landlord shall comply with all laws, orders, ordinances and other public requirements now or hereafter affecting the Leased Premises.

25. Final Agreement

This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

26. Governing Law

This Agreement shall be governed, construed and interpreted by, through and under the Laws of the State of Oregon.

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27. Authority to Enter Into Agreement

The undersigned parties are duly authorized to execute this Lease on behalf of Mountain Cabins, LLC., An Oregon Limited Liability Company and Greensprings Fire & Rescue, An Oregon Non Profit Organization.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

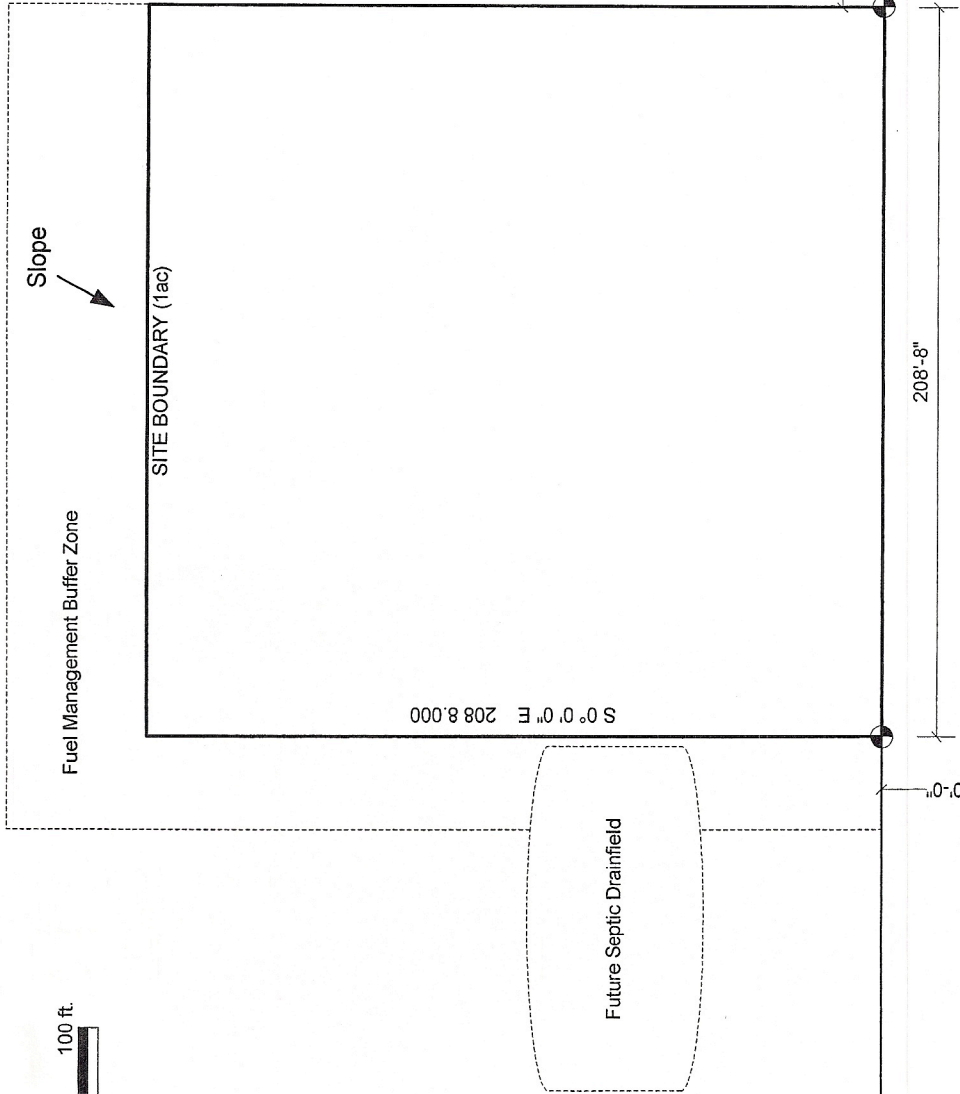
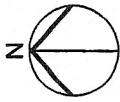
Darmond McBurnie MANAGER
Mountain Cabins, LLC.

Greenspring Fire & Rescue by
Greensprings Fire & Rescue
Robert Liven, President

PM
DM

Greensprings Fire & Rescue
Firehouse

Lease Area



Scale: 1/600 : 1

HWY 66 ROW

HWY 66 CL

Handwritten initials "MD" and "AB" in circles.

92910

03 75333

Order No. 760232-JH

Exhibit 'A'

Government Lots 1 and 2, and the South Half of the Northeast Quarter of Section 4, Township 40 South, Range 3 East, Willamette Meridian, Jackson County, Oregon.

EXCEPTING THEREFROM the lands described as Parcels 1, 2 and 3 as contained in the final judgment entered in Jackson County Circuit Court Case No. 2728L.

ALSO EXCEPTING THEREFROM the lands lying Easterly and Northerly of the line defined in that certain boundary line agreement recorded July 26, 1979 as Document No. 79-15701.

Map No. 403E04, Tax Lot 100, Account No. 1-011187-4, Code 94-01

Jackson County, Oregon
Recorded
OFFICIAL RECORDS

OCT 31 2003
2:30 PM
[Signature]
COUNTY CLERK

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